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Daily Report China

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General

UN Delegate Urges Restraint Over Israeli Settlements

OW0103002495 Beijing XINHUA in English
0000 GMT 1 Mar 95

[FBIS Transcribed Text] United Nations, February 28 (XINHUA)—China appeals to Arab countries and Israel in the Security Council to exercise restraint, be calm and reasonable in the matter of Israeli settlements in the occupied territories.

Li Zhaoxing, Permanent Representative of China to the UN, in giving his speech in the Council, said he hoped parties concerned to try their best to create appropriate conditions to continue to promote the Middle East process rather than undermine it.

The Security Council was having an open debate on Israeli settlements in the occupied territories at the request of the 22-member Arab group. Thirty-four countries, most of which Arab countries, were scheduled to speak in the Council.

"It is essential for Palestine and Israel to build mutual trust and persist in settling disputes through consultation and negotiation," Li said.

"The leaders of the two sides should, proceeding from the long-term interests of all nations in the region, continue to remove obstructions and work together to promote the peace process in the Middle East," he added.

As to how to solve the problem, Li said China had all along supported the Middle East peace process and stood for the settlement of the Middle East question on the basis of the relevant resolutions of the United Nations.

"We will, as always, continue to promote the Middle East peace process together with the international community and make our due contribution to a happy life of lasting peace for the people in the region at an early date," he added.

Arab countries called on Israel in the debate to cease the establishment, construction and planning of settlements in all the occupied territories.

But Israel said the question of settlements was one of those to be discussed during negotiations on so-called "permanent status" issues, due to begin by May 1996.

Beijing Urges Reform of UN Human Rights Commission

OW0103034795 Beijing China Radio International in English to Western North America 0400 GMT
28 Feb 95

[From the "World News" program]

[FBIS Transcribed Text] China has called on the United Nations to begin an early reform of the UN Human Rights

Commission as the ever-changing international arena demands quicker action, especially in this post Cold-War era. Zhang Yishan, a senior Chinese representative, made the appeal at the commission's 51st meeting in Geneva.

He said the commission needs a complete and thorough reform, and added the reorganization of its agenda is far from enough. Zhang Yishan pointed out that the current commission has an imbalanced seat distribution favoring certain region over others and that this is a violation of relevant UN resolutions. He further pointed out that in recent years, some working groups or individuals of the commission have based their reports on biased views in disrespect of the specific legal system of a certain country.

UN Representative on Arrest of Rwandan Criminals

OW2802003495 Beijing XINHUA in English
2144 GMT 27 Feb 95

[FBIS Transcribed Text] United Nations, February 27 (XINHUA)—The Security Council on Monday [27 February] urged states to arrest and detain persons found within their territory who are responsible for genocide and other violations of international humanitarian law.

In an unanimously adopted resolution, the council urged states to take such action in accordance with the national law and relevant standards of international law, pending prosecution by the International Tribunal or by appropriate national authorities.

The council urged those states to inform UN Secretary-General Butrus Butrus-Ghali and the tribunal of the identity of those detained, the crimes they are believed to have committed, the evidence providing probable cause, and the date and place of their detention.

It condemned all attacks against persons in the refugee camps near Rwanda's borders, demanded that such attacks immediately cease, and called on states to take appropriate steps to prevent such attacks.

The council also urged states where such acts have occurred to arrest, detain and submit to the appropriate authorities for the purpose of prosecution persons who are responsible for such acts.

According to a recent report by the UN Chief, there are nearly 2 million Rwandese refugees in Burundi, Tanzania and Zaire. The general security situation in the camps remains dangerous for both refugees and relief workers and is also potentially destabilizing for the host countries and the subregion.

Speaking at the council meeting, Li Zhaoxing, Chinese Permanent Representative to UN, said the Rwandese people are faced with a very arduous task of rehabilitation and reconstruction. They must mainly rely on their own strength to gradually achieve national reconciliation. At the same time, they also need encouragement and assistance from the international community.

Li said the Chinese delegation hoped that the adoption of the resolution will further promote the peace process in Rwanda, as well as help the Rwandese people achieve national reconciliation and live and work in peace and contentment at an early date.

Zou Jiahua Meets U.S., French Businessmen

OW2802141195 Beijing XINHUA in English
1326 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Chinese Vice-premier Zou Jiahua met with John Imle, president of the U.S. California United Oil Corporation, and Jacques Maire, deputy director general of Gas of France, here this afternoon.

Imle and Maire are here to discuss the possibility of jointly exploring the oil and gas in China's East Sea with China National Offshore Oil Corporation.

Zou told the foreign businessmen that China is willing to cooperate with foreign countries in dealing with the shortage of energy, while relying mainly on its own efforts.

Progress in China-Russia-U.S. Ussuri River Program

OW2502113395 Beijing XINHUA in English
1014 GMT 25 Feb 95

[FBIS Transcribed Text] Harbin, February 25 (XINHUA)—The first meeting of representatives from China, Russia, and the United States concerning a program to develop the Ussuri (Wusuli) River basin ended here Friday [25 February].

Representatives from the three countries put forward proposals to the draft program on the sustained use of land along the river and formulated a schedule for 1995 and 1996.

The meeting means that the three-nation program has entered a period of practical operation, observers here noted.

The purpose of the program, which is expected to be completed in 1996, is to formulate economic plans guaranteeing both production and ecological balance, to improve the people's living conditions along the basin, and to protect and restore the biological diversity and environmental conditions of the region.

The three countries' representatives decided that their second meeting will be held in Russia early next year.

Review of Major World News Events in Feb

OW2802134195 Beijing XINHUA in English
1247 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Following is XINHUA review of major international news events in February.

Quadrupartite Summit Held for Mideast Peace Talks

An unprecedented quadrilateral summit among Egyptian President Hosni Mubarak, Israeli Prime Minister Yitzhak Rabin, Jordan's King Hussein and Palestine Liberation Organization Chairman Yasir 'Arafat was held in Cairo on February 2 with an aim of breaking the stalemate in the Middle East peace process. The discussions focused on ways to push forward the peace talks on the track between the Israelis and the Palestinians. The summit drew worldwide attention as the leaders reaffirmed their resolves to boost the peace drive in the region.

CIS Summit Held in Alma-Ata

The 17th summit of the 12-nation Commonwealth of Independent States (CIS) was held on February 10 in Alma-Ata, capital of Kazakhstan, with a view of promoting peace and stability in the region and pushing forward the CIS integration drive. The leaders reached a consensus on most of the 30 issues in political, economic and military fields but failed to make major breakthrough in the course for CIS integration.

U.S. Space Shuttle Completes Historic Flight

U.S. Space shuttle Discovery returned home on February 11 in triumph after an eight-day flight that featured an historic rendezvous with Russia's Mir space station. During the mission, which was piloted for the first time by a female astronaut, Discovery's crew also made history by releasing an astronomy satellite and hauling it back aboard two days later for the trip home, venturing out on a four-hour spacewalk and conducting 20 scientific tests. New International Efforts Made for Mideast Peace [subhead]

A U.S.-sponsored meeting designed to enliven the stalled mideast peace process was held in Washington on February 12 with the participation of foreign ministers of Shimon Peres of Israel, Amr Musa of Egypt, Abdulkarim Kabariti [name as received] of Jordan and Nabil Shaath, a senior PLO official. The session, chaired by U.S. Secretary of State Warren Christopher and convened against the background of recent violence and new Arab pressure on Israel to sign the nuclear Nonproliferation Treaty, was seen as the continuation of the Cairo summit of the four parties earlier this month which had drawn worldwide attentions. The Washington meeting came in the wake of the diplomacy shuttles in the region by a Russian presidential envoy and an EU delegation headed by French foreign minister Alain Juppe.

Ecuador, Peru Sign Peace Accord

Peru and Ecuador signed a peace accord in Brazil's capital of Brasilia on February 17 aimed at ending their three-week border war and starting talks to resolve the decade-old border dispute. The agreement calls for immediate announcement of a formal truce, withdrawal of forces from the disputed area and demilitarizing the disputed stretch near the Senepa river in the Amazon

Jungle. At least some 200 soldiers have been killed or wounded in the conflict which broke up in late January.

Five Americans Ordered to Leave France on Spy Charge

A joint statement jointly issued on February 22 by the French Interior and Foreign Ministries confirmed that France had ordered five Americans to leave for "their activities incompatible with their status". News media in France accused these Americans of conducting political and economic espionage against France and bribing French government officials on behalf of the U.S. Central Intelligence Agency. One day later U.S. State Department released a statement denying the allegations. It has been known that the two countries had been for long engaged in espionage activities against each other, but this is the first time that a spying case was made public.

New Framework for Agreement on Northern Ireland Unveiled

Prime ministers of John Major of Britain and John Bruton of Ireland unveiled on February 22 "a new framework for agreement" on Northern Ireland, which contains Ireland's promise to amend its constitution's claim to the territory of Northern Ireland and Britain's plans for restoring a parliament within Northern Ireland. The document, an outcome of two years closed-door negotiations, represents the two governments' vision of a lasting political settlement in the troubled province and outlines fundamentals governing any negotiations by parties concerned on the future of Northern Ireland.

Taliban Threatens All-out Offensive on Kabul

Leaders of the Taliban, an organization of militant religious students that has become the most powerful force in Afghanistan's civil war, made a declaration on February 25 demanding that president Borhanoddin Rabbani hand over the government forces to them or would risk their all-out offensive on Kabul, capital of the war-torn country. The four-month-old Taliban has taken control of nine southern provinces, or one third of the country's area, and is approaching Kabul. Its rapid growth in strength and expansion threatens to disrupt a UN Peace plan of seeing transfer of power from Rabbani to an interim commission. Mahmood Mestiri, UN Special envoy to Afghanistan, is busy with mediating among the warring factions in the country.

China, U.S. Reach Agreement in IPR Talks

China and the United States signed in Beijing on February 26 an agreement on the protection of intellectual property rights (IPR), averting a trade war between the two countries and ending the 20-month-old negotiations on the issue. Commenting after witnessing the signing ceremony, Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation, said that the document has been the result of pragmatic efforts from both sides and

should be congratulated. "Although there exist frictions and disputes, they can be solved through equal consultations," Wu Yi said.

Statistics Bureau Reports on Economic Advances

OW2802153895 Beijing XINHUA in English
1353 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China has made significant achievements in its nationwide reforms and opening to the outside world, while its economic construction and social development are moving ahead, according to a report released by the State Statistics Bureau (SSB) today.

Shao Zongming, deputy director-general of the SSB told a press conference here that a noticeable breakthrough was made in macro-economic reforms last year while domestic economic growth continued its fast pace.

Last year also saw China's aggregated social supply is basically balanced, with the balance of international revenue and expenditure improving noticeably, and the standard of living of both urban and rural residents being raised.

Statistics show that China generated a GDP totalling 4.38 trillion yuan (515.3 billion U.S. dollars) last year, up 11.8 over the 1993 figure.

Increases in agriculture and industry reached 823.1 billion yuan and 2.1 trillion yuan, respectively, equal to annual growth of 3.5 percent and 17 percent, and the country's flourishing service trade produced an increase of 1.4 trillion yuan last year, up 8.7 percent from the previous year.

Shao said that improving macro-economic reforms, which started in the second half of 1993, produced noticeable results last year, on the one hand avoiding further overheating of the economy, and on the other avoiding a downward trend during a period of economic adjustment. This ensured rapid national economic growth of 11.8 percent in 1994, which was not only higher than the world's economic increase, but also ahead of the average in Asia.

Shao noted that 1994 was a crucial year for improving reforms in the country, but the government also carried out various major reforms in the fields of finances, taxation, banking, foreign exchange and foreign trade. Last year's money supply, banks loans, and financial deficits were all within the government's plan.

The report shows that the country's foreign trade surplus jumped to 5.3 billion U.S. dollars by the end of last year, with imports and exports registering a growth of 11.2 and 31.9 percent, respectively, and state foreign exchange reserves reaching 51.6 billion U.S. dollars, 1.4 times the 1993 figure.

In 1994, real income of China's urban and rural residents increased by 8.8 and 5.0 percent, respectively,

when adjusted for inflation, according to the statistics, and Shao said that the consumption of goods continued to increase.

At present, the major problems remaining in the country's economic performance include price increases, with consumer and retail prices having gone up 24.1 and 21.7 percent last year, while a number of state-owned enterprises are in the red and the agricultural development is lagging behind.

He said that those problems have already attracted the attention of the state government, and certain measures have been adopted aimed at dealing with the problem.

In 1995, which is the last year of the "Eighth Five-Year Plan," Shao said, governments at all levels will use "scientific and proper macro-economic control measures," and further reform and refine the law, to encourage healthy development in the national economy.

United States & Canada

Daily Criticizes U.S. Human Rights Report

HK2802090595 Beijing RENMIN RIBAO in Chinese
24 Feb 95 p 2

["International Forum" by Bu Wen (0592 0795):
"Making a Make-Believe Thrust"]

[FBIS Translated Text] In response to the criticisms of China by the U.S. State Department "Human Rights Report," the China Society for Human Rights Studies gave a rebuttal last year, pointing out that they were neither serious, fair, nor consistent with the facts. On 1 February this year, disregarding its own poor human rights record and acting as a world human rights judge, the U.S. State Department published another "Human Rights Report," making impudent and irresponsible remarks about human rights conditions in over 100 countries of the world. This report again vilifies China and attacks the China Society for Human Rights Studies.

The "Report" attacks the China Society for Human Rights Studies, saying that it is a "nongovernment organization" aimed specifically at "responding to charges on China's human rights record" and that the "society made comments on the 1993 U.S. State Department Human Rights Report, vociferously defended China's human rights practice, and covered up the Chinese Government's ongoing infringements of basic human rights."

The U.S. State Department "Human Rights Report" has tried to write off the China Society for Human Rights Studies with this sentence but it has precisely revealed its guilty conscience. Apart from putting labels on China, it cannot cite any concrete facts or arguments. Its only reason for leveling such a criticism is that the China Society for Human Rights Studies has rebutted the U.S. State Department report but the latter has said nothing

about which of the society's rebuttals are inconsistent with facts and which arguments are incorrect.

The Society for Human Rights Studies, as the name implies, studies human rights issues, as well as praise and criticism from at home and abroad, in order to specifically distinguish between right and wrong. Why cannot the society study and analyze the U.S. report which is critical of China's human rights? Why has the society been accused of "covering up" when, after investigation and study, it points out the U.S. "Human Rights Report" contains fabrications. Can it be that the society must follow the U.S. State Department in vilifying its own country in total disregard of facts before it can be regarded as a genuine "nongovernment organization" and "not a cover-up"?

The fact is that, after the China Society for Human Rights Studies refuted the U.S. State Department "Human Rights Report" last June, neither the U.S. State Department nor the U.S. diplomats in China specifically refuted the society's rebuttals. In its rebuttals the society adopted the attitude of presenting the facts. Reportedly, U.S. diplomats have privately raised the following question, namely that the number of people who died of cold in the southeastern United States, including Washington, on 20 January last year was only 80-plus people instead of the 130-plus people the society had claimed. But the society's article had good grounds for making such an assertion, citing the source of the news as a 21 January 1994 dispatch by the Associated Press. Regardless of whether it was 130-plus or 80-plus people, the irrefutable fact is that in China, which is censured as having no personal security, no one has died of cold over the years in Beijing, which is situated at the same latitude as Washington in the United States and nor has anyone died of cold in the whole of winter Harbin, China's coldest metropolis but many people have died of cold in Washington and other places in the United States, which prides itself as paying the closest attention to human rights.

After the society published its rebuttal article, the U.S. side remained silent for some time but made vague and general statements in the U.S. State Department report this year. Isn't this strange? Apparently the society's rebuttals of the U.S. State Department report last year has hit home and had an impact in the world. As a result, the U.S. State Department cannot but make known its position lest people should recollect the rebuttals of the China Society for Human Rights Studies last year when they read its report this year. However, this has again revealed that its protestations are nothing but a make-believe thrust with "a pewter spearhead that shines like silver"—impressive-looking but useless.

'Roundup' Views Sino-U.S. Intellectual Property Accord

OW0103034195 Beijing China Radio International
in English to Western North America 0400 GMT
28 Feb 95

[From the "News About China" program]

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[FBIS Transcribed Text] China and the United States have averted a bruising trade war by reaching an agreement on the protection of intellectual property rights. CRI's Dong Jun has this news roundup about the recently concluded talks between the two sides.

[Begin recording] [Dong] A letter of exchange on the protection of intellectual property rights was finally signed, and a dark cloud of trade war hovering over the two major world markets has finally been dispersed. Chinese Foreign Trade Minister Wu Yi attended Sunday's [26 February] signing ceremony in Beijing. She said the accord has been reached due to the pragmatic attitude adopted by both sides.

[Wu in Mandarin fading into English translation] The success of this negotiation indicates that any contradiction and friction that occur in bilateral relationship can be resolved on the basis of mutual respect, equality, and mutual benefit, and can be resolved in a business-like manner.

[Dong] Her view was echoed by U.S. Deputy Trade Representative Charlene Barshefsky, who was present on the same occasion.

[Barshefsky] The Sino-U.S. relationship is a complex and turbulent one, but the negotiation of what we believe is a historical agreement demonstrates that persistence, determination, and the desire to understand each other's viewpoints can lead to extraordinary success for both countries.

[Dong] The issue of intellectual property rights has long been a point of discord in Sino-U.S. relations. Over the past 20 months, the two sides have held several rounds of discussions. In February, the U.S. Trade Representative Mickey Kantor declared that the United States would set punitive tariffs on Chinese imports if the current talks fail to bring about any agreement before February 26. China immediately published its own retaliation list. The Chinese measures were to include the suspension of current negotiations with American auto manufacturers. Since the threat of a trade war emerged, many experts expressed the hope that the two countries would refrain from imposing sanctions and settle their disputes at the negotiating table. Some hold that Chinese exporters might suffer economic losses in the short term, but it would be the United States that stands to lose more in the long run. At Sunday's signing ceremony, Chinese Foreign Trade Minister Wu Yi expressed the hope that the agreement would become a turning point in Sino-U.S. trade relations.

[Wu in Mandarin fading into English translation] We hope that Sino-U.S. economic and trade relations can overcome the interference of non trade factors so that our bilateral economic and trade ties can develop on a long-term and steady basis. [end recording]

IPR Agreement Seen as 'New Start' for WTO Bid
HK2702151395 Beijing ZHONGGUO XINWEN SHE
in Chinese 1329 GMT 26 Feb 95

[By correspondent Yu Donghui (0151 2639 2547)]

[FBIS Translated Text] Beijing, 26 February (ZHONGGUO XINWEN SHE)—China and the United States finally reached an agreement on intellectual property rights [IPR] today after a series of highly eventful talks—in time to avert a trade war that looked set to erupt between the two countries. This was a hard-won achievement. Authoritative figures believe the successful conclusion of the talks will work to the advantage of China in its bid to enter the World Trade Organization [WTO].

Rows between China and the United States over intellectual property rights gained the world's attention around the New Year. Industrial and commercial sectors in both countries were preparing for the worst and were devising ways to survive a Sino-U.S. trade war. But a war was something no informed person would like to see. Both the negotiating teams made the greatest efforts to work for progress despite a stand-off and gradually were able to narrow their differences.

China showed the greatest sincerity in the latest talks. It stepped up operations against pirating and suspended and overhauled manufacturers engaged in illegal activities and local governments constantly urged the masses to resist of their own free will pirated publications and compact discs. It is fair to say that the position of the Chinese Government on the protection of IPR was consistent, even at the most difficult time of talks.

The successful conclusion of Sino-U.S. IPR talks has again proved that it is necessary to keep the overall situation in mind and value above all peace, when there are frictions between countries. As long as both sides are sincere and address each other as equal partners and put words into action, there will always be a happy ending. Threats and retaliations can only aggravate matters. This applies to the problem of IPR as well as to that of WTO entry for China.

The talks have protected the general trade situation in the Asia Pacific and promoted multilateral trade in the region. People are expecting that this will be a new starting point for China's WTO entry process and that the process will achieve breakthroughs in the new year.

Central Eurasia

Russian Foreign Minister Departs for Beijing

OW2802231695 Beijing XINHUA in English
2206 GMT 28 Feb 95

[FBIS Transcribed Text] Moscow, February 28 (XINHUA)—Russian Foreign Minister Andrei Kozyrev left here tonight for Beijing on a two-day visit to China.

In Beijing, Kozyrev is expected to hold talks with Chinese Vice-Premier and Foreign Minister Qian Qichen on further development of bilateral relations between the two countries and on details of the planned exchange of visits between the two countries' leaders.

The Russian minister is also expected to meet other Chinese leaders. He will pass personal message of Russian President Boris Yeltsin to the Chinese leaders, well-informed sources here said.

On the eve of his departure, Kozyrev told XINHUA that his Beijing trip is aimed at securing sustained expansion of the bilateral ties and effective implementation of all the accords between the two countries and working out the schedule for a 1995 summit.

On Thursday night, the Russian top diplomat is expected to arrive in Tokyo to visit Japan, the second or the last leg of his current Asian tour.

Kyrgyzstan Receives 1.5 Million Yuan in Aid

OW0103045895 Beijing XINHUA in English
0400 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow, February 28 (XINHUA)—Medicine worth 1.5 million yuan (about 178,000 U.S. dollars), offered gratis by the Chinese government, was delivered to Kyrgyzstan Monday [27 February], according to reports from Bishkek, capital of the country, today.

The aid was first offered by the Chinese government in an agreement signed by the two countries in April 1994, when Chinese Premier Li Peng visited Kyrgyzstan.

Kyrgyzstan's Minister of Public Health Naken Kasiyevich Kasiyev made a speech at the handing-over ceremony expressing gratitude for the Chinese assistance.

He praised the cooperation between the two countries in many fields, noting that bilateral trade now accounts for 62 percent of Kirghizstan's total with countries outside the Commonwealth of Independent States.

Kyrgyz Prime Minister Abbas Dzhumagulov wrote a letter to Premier Li on the same day expressing his thanks for the aid and satisfaction with the implementation of the bilateral agreements signed during the Chinese premier's visit to the central Asian country.

He pointed out in the letter that the bilateral cooperation is of mutual benefit and in the interest of both nations.

Near East & South Asia

Column Examines Sanctions' Use Against Libya

HK2702082495 Beijing RENMIN RIBAO in Chinese
11 Feb 95 p 7

["Exposure of Inside Story" column by Gao Shijun (7559 0013 6511): "Sanctions Against Libya, Which Are Not Very Effective"]

[FBIS Translated Text] In our international community today, "sanctions" seem to have found favor in some people's eyes. In dealing with some international issues and disputes, some country more often than not resorts to "sanctions" as a threat, while believing them to be a

"magic wand" in the pursuit of power politics. In reality, however, sanctions—be they pursued in the name of the United Nations or adopted by some Western power alone—will bring only certain losses to both sides concerned. Aside from that, an example of any country achieving its political goals purely on the strength of sanctions never exists.

However, many are the examples of those practicing sanctions finding themselves disappointed, and one of these examples is the case of the international sanctions against Libya over the past three years, which have had little effect.

In 1988, Pan Am Flight 103 blew up over Lockerbie, Scotland, resulting in 300 deaths, with strong repercussions from international public opinion. Later, the United States filed charges against two Libyan nationals in connection with the disaster. Then together with Britain and France, a resolution sanctioning Libya was adopted at the UN Security Council, demanding that the international community ban commercial flights to Tripoli, and sever world trade with Libya, including suspending the supply of aircraft parts and hi-tech petroleum production equipment to the country. Nevertheless, according to a survey recently published by U.S. media, in the approximately three years since economic sanctions were implemented, Libya's oil output, which is the country's economic lifeline and pillar, was 1.73 billion barrels per day, bringing in an annual \$8.5 billion from exports. In addition, Libya invested several billions of dollars in some Asian, European, and African countries. Such unexpected results of sanctions made many Americans believe that sanctions could in no way bring down al-Qadhafi.

Causes for the ineffectiveness of sanctions are manifold, and one of them is none other than the United States itself. U.S. public opinion has disclosed that despite the fact that the White House formulated strict regulations on sanctions against Libya, overseas branches of some big U.S. companies, out of their own economic interests, never interrupted their business with Tripoli. The Dallas-based Harry Burton Company had a branch in Germany which rendered service to Libya's oil field. The company set up a Brown Root Engineering Company in Houston, the British branch of which is managing an irrigation project involving a \$1 billion investment in the Sahara for Libya. Another big U.S. company, Driscoll, also set up a branch in Britain, and sold compressors for oil production to Libya.

The U.S. Treasury Department's Office of Foreign Assets Control is the major supervising and executing organ for U.S. sanctions against Libya, Iran, Iraq, and the DPRK. Although it has meted out fines to a tractor industrial company and to the Anheuser-Busch Company for infringing the regulations on embargo over the past three years, it has been unable to do anything about the overseas branches of the aforementioned companies, as they openly announced that their commercial activities were entirely legitimate. Based on the stipulation

that overseas branches of U.S. companies must unfold their commercial activities independently, the White House was unable to give explicit orders for them to suspend all trade with Tripoli. Over the past three years, the Houston Coast Company has come under investigation by the Office of Foreign Assets Control, on the grounds that one of its overseas branch purchased one-third of the shares of an oil refinery work, whereas the other two-thirds belong to a Libyan national firm. However, the Office of Foreign Assets Control could only prosecute U.S. personnel directly working in that oil refinery work, but could do nothing about the senior staffers of the company. According to a U.S. media report, some 1,000 Americans, out of their personal interests, are still working on various oilfields in Libya as of today. Not long ago, the U.S. Customs Service uncovered a case of smuggling \$3.5 million-worth of petroleum technology and equipment to Libya.

The careless attitude of U.S. Western allies toward sanctions against Libya is another cause to account for the insignificant effects of the economic sanctions. It has been reported that Britain and France all along gave silent consent to banks and commercial companies outside their territories that had ties with Libya to continue their business with that country.

Libyan crude oil has a low sulfur content, and is relatively cheap, and many European countries are very reliant on it. According to OPEC figures, European countries importing crude oil from Tripoli in the first quarter of 1994 were: Italy, accounting for 42 percent, approximately 540,000 barrels per day; Germany, 19 percent, approximately 230,000 barrels; Spain, 11 percent, approximately 84,000 barrels; Greece, 5 percent, approximately 63,000 barrels; Britain, 4 percent, approximately 52,000 barrels. The imports of other European countries accounted for 12 percent, approximately 145,000 barrels daily. Today, when the United Nations has been practicing economic sanctions against Libya for almost three years, it is said that the crude oil output and oil income are only a bit lower than before the sanctions.

Obviously, the chief cause to account for such results is that the U.S. Western allies seem to attach greater importance to their own economic interests, including Britain and France, who together with the United States, put forward the proposal to the Security Council to practice sanctions against Libya.

Oil actually has become Libya's ties with some European countries, which can hardly be severed. As of today, many companies of European countries are surveying oil in Libya, of which the most enthusiastic are the Belgian Petroleum Financial Company, and the Italian Ajipu [7093 0679 2528] Company. The latter's spokesman has even announced openly that the company plans to invest \$8-10 billion in Libya's oil exploitation before the year 2000. According to the Cypress-based MIDDLE EAST ECONOMIC SURVEY, the French Tuote [2094 3676]

Company—with part of its assets owned by the French Government—recently signed an agreement with Libya on a \$1 billion investment in an oil survey in a desert area.

It has been said that since the implementation of sanctions against Libya, the United States has launched 45 protests against its European allies for behavior in violation of the sanctions. Consequently, a U.S. official helplessly appealed: "We hope those allies of ours will stop paying lip service to implementing sanctions against Libya, and will carry them out in action."

Economic sanctions all along have been a double-edged sword, and doubtless have caused injuries to both sides involved in the sanctions. Under such circumstances, it would be unrealistic to expect the sanctioned country to "resign itself to extinction" without adopting some measures. Then, what losses has the United States incurred in the sanctions against Libya? U.S. public opinion has not yet reported on this.

Cultural Delegation Ends Visit to Bangladesh

OW2402170995 Beijing XINHUA in English
1547 GMT 24 Feb 95

[FBIS Transcribed Text] Dhaka, February 24 (XINHUA)—A 4-member Chinese government cultural delegation concluded its 3-day visit to Bangladesh tonight.

During its stay here, the delegation and the Bangladeshi Cultural Ministry signed an executive program under the Agreement for Cultural Cooperation between the two countries for the years of 1995-1997.

It met with Bangladeshi government officials in charge of cultural and educational affairs and visited some cultural and historical sites.

The delegation arrived here Wednesday [22 February] and left today for New Delhi, India.

Beijing, New Delhi Sign Quality Control Memorandum

OW2302230295 Beijing Central People's Radio
Network in Mandarin 0300 GMT 20 Feb 95

[From the "New" program]

[FBIS Translated Text] China and India signed a memorandum of understanding concerning quality control in New Delhi.

In its press communique issued yesterday [19 February], the Indian [words indistinct] Association said that the memorandum of understanding was signed by China's Quality Control Association and the Indian [words indistinct] Association during the week-long Fifth World Comprehensive Quality Control Conference held in New Delhi. The signing of this memorandum will be beneficial to the promotion of exchanges and cooperation between the two countries in the field of quality control.

Nepal Not To Allow Anti-China Demonstrations*OW2502024295 Beijing XINHUA in English
0141 GMT 25 Feb 95*

[FBIS Transcribed Text] Kathmandu, February 25 (XINHUA)—Nepal will not allow any anti-China political activities to be conducted on its territory, Khadga Prasad Oli, Nepal's minister of home affairs, said Friday [24 February].

He made the remark in an interview with XINHUA regarding recent reports that followers of the Dalai Lama, who resides in India, are planning to organize a so-called Peace March via Nepalese territories to Lhasa, in the Tibetan autonomous region of China.

Oli emphasized that Nepal and China traditionally enjoy friendly relations and that Nepal regards Tibet as an indivisible part of the People's Republic of China.

Nepal will continue to adhere to its policy of not allowing its territories to be used against any other country, he added.

Officials Meet Sri Lankan Foreign Minister**Li Peng Meets Official***OW2402135395 Beijing XINHUA in English
1314 GMT 24 Feb 95*

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Chinese Premier Li Peng said today that China is willing to strengthen and expand trade and economic links with Sri Lanka.

Meeting with visiting Sri Lankan Foreign Minister Lakshman Kadirgamar here today, Li expressed his belief that the visit would help to further the existing friendly ties of co-operation between the two countries.

Kadirgamar thanked China for its assistance for his country's economic development, saying that Sri Lanka hopes for enhanced trade and economic co-operation with China, and especially Chinese investment.

Speaking of the peace process in the South Asian country, Li said that China supports and appreciates the efforts of the Sri Lankan government for national reconciliation, and voiced the conviction that these efforts will bear fruit.

During the meeting, Kadirgamar conveyed regards to Chinese President Jiang Zemin and Premier Li himself from Sri Lankan President B. Kumaratunge and Prime Minister S. Bandaranaike.

Li, in return, asked Kadirgamar to convey Jiang's and his regards to the two Sri Lankan leaders.

Qian Qichen Meets Counterpart*OW2402135595 Beijing XINHUA in English
1324 GMT 24 Feb 95*

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Chinese Vice-Premier and Foreign Minister

Qian Qichen said here today that the Chinese government and people treasure their traditional friendship with South Asian nations.

China also attaches importance to co-operation of equality and mutual benefit with all countries in the region, he added.

Qian made the remarks when he spoke of China's policy concerning relations with South Asian nations during talks with visiting Sri Lankan Foreign Minister Lakshman Kadirgamar.

According to Chinese Foreign Ministry sources, Qian told Kadirgamar that China, as a close neighbor of South Asia, wants to see peace, stability and development in that region, and hopes that countries in the region will develop ties and co-operation on the basis of the Five Principles of Peaceful Co-existence.

Kadirgamar arrived here today for a five-day official goodwill visit at Qian's invitation. Kadirgamar is the first Sri Lankan foreign minister to visit China in 16 years.

Extending a welcome to his guest, Qian said Kadirgamar's visit will help promote the development of friendship and co-operation between the two countries.

Qian expressed his respect for Sri Lankan Prime Minister Mrs Sirimavo Bandaranaike, for the "remarkable contributions" she has made for maintaining and promoting the traditional friendly ties between China and Sri Lanka.

The two foreign ministers also expressed their satisfaction over the co-operation between the two countries in economy, trade, science, technology, culture, health, sports and other areas since the establishment of diplomatic ties.

During the talks, Kadirgamar briefed Qian on Sri Lanka's domestic situation, particularly the progress his country has achieved in promoting national reconciliation.

Qian said that China appreciates and supports the efforts of the new government of Sri Lanka for a political settlement of problems between different nationalities and that China is happy with the progress made.

"We hope that the progress of national reconciliation in Sri Lanka can be maintained, that Sri Lanka can handle its domestic problems patiently and properly, and that an agreement forging lasting peace can be reached based on the already-achieved agreement on halting hostile activities," Qian was quoted as saying.

More on Meeting*BK2602132395 Colombo Sri Lanka Broadcasting
Corporation International Service in English 1045 GMT
26 Feb 95*

[FBIS Transcribed Text] The Chinese Government has welcomed Sri Lankan Government's peace initiatives

with the Liberation Tigers of Tamil Eelam [LTTE]. The Chinese foreign minister, Qian Qichen, told Foreign Minister Kadirgamar in Beijing that President Chandrika Kumaratunga's initiative to achieve national reconciliation was a courageous and wise decision which China warmly welcomed and supported.

Foreign Minister Kadirgamar was in Beijing on a state visit, during which he met his Chinese counterpart. The Chinese foreign minister expressed the hope that the LTTE would respond positively and earnestly to achieve peace.

Referring to economic and trade relations, the Chinese foreign minister said that the socialist market economies of China and Sri Lanka were similar in approach and provided increasing opportunities for the development of trade between the two countries. Minister Kadirgamar requested the Chinese authorities to give serious consideration to the opening of a branch of the Bank of China in Sri Lanka for trade and investment promotion. Minister Qian Qichen agreed to the establishment of the branch of the bank.

Kadirgamar Confers With Officials

OW2502113995 Beijing XINHUA in English
1044 GMT 25 Feb 95

[FBIS Transcribed Text] Beijing, February 25 (XINHUA)—Visiting Sri Lankan Foreign Minister Lakshman Kadirgamar today had meetings in separate occasions with Chinese officials in charge of culture, national defense, economy and trade, and education.

Kadirgamar met with Liu Deyou, vice-minister of culture, Cao Gangchuan, deputy chief of the general staff of the Chinese People's Liberation Army, Li Guohua, vice-minister of foreign trade and economic cooperation, and Zhu Kaixuan, minister in charge of the State Education Commission.

Kadirgamar arrived here Friday on an official goodwill visit at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen. Kadirgamar is the first Sri Lankan foreign minister to visit China in 16 years.

Kadirgamar and his party are scheduled to leave the capital tomorrow for a visit to Guangzhou and Shenzhen in south China, where the foreign minister is to meet local government officials and businessmen.

Sub-Saharan Africa

'News Analysis' Views Desertification in Africa

OW2702133095 Beijing XINHUA in English
1311 GMT 27 Feb 95

["News Analysis" by Du Zhenfeng and Yu Yueliang: "Combat Desertification and Save Africa"]

[FBIS Transcribed Text] Nairobi, February 27 (XINHUA)—Countries in Africa, such as Kenya and Nigeria,

are taking measures to combat and prevent desertification, the major threat to environment in the continent.

Kenya planted trees in 26,000 hectares while did lumbering only in 1,000 hectares of forestry in 1994. [sentence as received] Nigeria has embarked on an afforestation program to halt the spread of the Sahara southward by planting trees at the fringes of the desert in the northern part of the country to reduce the erosion of the top soil by wind and stabilize loose sands in areas suffering from the effect of desertification.

However, it is really very hard, both financially and technically for African countries alone to make success in combating desertification in the continent.

Desertification is land degradation in arid, semi-arid and dry sub-humid areas (drylands) resulting mainly from adverse human impact. It is the diminution or destruction of the biological potential of land, and can lead ultimately to desert-like conditions.

According to statistics of the United Nations Environment Program (UNEP), drylands in Africa, including hyper-arid deserts, comprise 1,959 million hectares or 65 percent of the continent. One third of this area, 672 million hectares, is hyper-arid deserts that are uninhabited, with the exception of sparse tiny oases, while the remaining two-thirds or 1,287 million hectares are composed of arid, semi-arid and dry sub-humid areas with a population of about 400 million or two thirds of all Africans.

Socio-economic factors in many African countries strongly contribute to desertification. In the past 20 to 30 years, the population in the continent has grown at an annual rate of around 3 percent, it amount to 630 millions now. However, the growth of economy in African countries is low. During the 1980s, the average per capita GDP growth rate in Africa was in the negative. By the year 1992, it had been reduced by 15 percent from that of 10 years ago, and in the poorest countries it had been reduced by 30 percent or even more.

With under-developed economies and the need to feed the large increase of population, many African countries have to use their lands in predatory ways which are hazardous to the environment. It is estimated that 80 to 90 percent of the lands in Africa have degraded while the forestry in the continent are disappearing in an annual rate of 3.8 million hectares. Hence the desertification.

Human beings are not only the main agents of desertification, but also its victims. Desertification has deteriorated droughts in Africa. [sentence as received] When stripped of vegetation, the soil holds less water and becomes highly susceptible to erosion. In many areas, a normal rain becomes a flood and lack of rain becomes a drought—often on the heels of a flood. Some areas that could generate a sufficient amount of produce two decades ago cannot do so today with the same amount of rainfall.

Representatives of some developing nations to the UNEP are of the view that during the colonial days the developed nations plundered the natural resources by predacious means, causing environmental degradation. Further more, land degradation and desertification affect environment in the whole world, not only in one nation or in one continent. Therefore, as for ways to combat and prevent desertification in Africa, the developed countries should share the responsibilities financially and technically.

Li Peng Meets Outgoing Benin, Rwandan Ambassadors

*OW2702165095 Beijing XINHUA in English
1607 GMT 27 Feb 95*

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Chinese Premier Li Peng today met Benin and Rwanda ambassadors to China Auguste Alavo and Rukira Isidore Jean Baptiste who are at the end of their tenure, speaking highly of their efforts in pushing forward the friendly relations between China and the two countries.

Li said, the Chinese government is satisfied with Sino-Benin ties and its smooth development in cooperation. China hopes the two countries will enhance their relations with joint efforts,

China has had fruitful cooperations with Rwanda in many aspects, Li said. Although there have been some domestic changes in Rwanda, they will have no impact on the friendship between the two peoples.

The Chinese premier wishes Rwanda make achievement in realizing national reconciliation and restoring its economy.

During the meeting, Li asked the two ambassadors convey the regards from President Jiang Zemin and himself to their presidents and prime ministers back home.

The two leaving ambassadors expressed their thanks to the Chinese government in its support and aid to their countries, and hope the Benin-China and Rwanda-China relations further improved.

West Europe

Pact Reached With French Over Trademark Protection

*HK0103074595 Beijing CHINA DAILY in English
1 Mar 95 p 5*

[By Wang Yong: "Two Countries Pledge To Guard French Brands"]

[FBIS Transcribed Text] Chinese and French officials yesterday pledged hand-in-glove co-operation in protecting French trademarks that risk being counterfeited in the Chinese market.

Christian Blankaert, president of the Paris-based Comite Clobert, which represents 75 French companies, said China would become the largest overseas market for French manufacturers of luxury items in 25 years.

French businesses are not labelling China as a severe violator of French trademarks but are hoping to nip any counterfeiting in the bud, he said.

"There are about 20 million Chinese people who can afford to buy luxury French items (alcohol and perfumes)... China will be a major market for us," said Blankaert, speaking at a seminar on fighting counterfeit goods.

A growing awareness of upscale brands and greater purchasing power will make the difference.

He noted that China had passed a national law on intellectual property rights in 1983 but said there's some room for improvement.

The seminar was held two days after China and the United States signed an initial exchange letter on the protection of intellectual property rights.

Blankaert said he believed China can reach similar understandings with European countries.

Chinese Foreign Trade Minister Wu Yi has said that China will strengthen enforcement of intellectual property rights to create better trade and investment conditions for overseas businesses.

A Chinese official from the National Trademark Bureau said yesterday that this is a natural response to the country's market-oriented economic reform, which calls for fair competition.

He said China and France have cooperated effectively in protecting French trademarks.

For example, China last year burned a batch of counterfeit French alcohol in the southern city of Shenzhen.

China last year alone divulged more than 10,000 cases of counterfeit trademarks, of which some 4,000 involved foreign trademarks, said the trademark official.

China now has 300,000 employees working to protect trademarks.

Vice-Premier Zou Jiahua Meets Italian Businessmen

*OW0103111795 Beijing XINHUA in English
1050 GMT 1 Mar 95*

[FBIS Transcribed Text] Beijing, March (XINHUA)—Chinese Vice-Premier Zou Jiahua met with Ernesto Pascale, managing director of the STET company of Italy, here today.

The Italian businessman and his party are here as guests of China's State Planning Commission.

STET is the largest communication company in Italy with over 100 subsidiaries and an annual sales volume of 21.5 billion US dollars.

Officials Meet With Netherlands Trade Minister

Trade Official Meets Dutch Minister

OW2702102195 Beijing XINHUA in English
0858 GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Gu Yongjiang, vice minister of foreign trade and economic cooperation, today exchanged views with Anneke van Dok, visiting minister of foreign trade of the Netherlands, on furthering bilateral economic cooperation and trade.

During the talks, which proceeded in a "friendly and candid" atmosphere, the two sides affirmed the rapid growth of bilateral economic ties and trade over the past few years on the one hand and pointed out problems existing between the two countries in the aspects of loans and investment on the other.

Statistics show that last year the volume of bilateral trade amounted to 2.995 billion U.S. dollars-worth, representing a 28 percent increase compared with 1993.

By the end of last year the contract value of total investment from the Netherlands in China was 650 million U.S. dollars, involved in 260 projects in the fields of electronics, chemicals, pharmaceuticals, foodstuffs and others.

Van Dok said she has come on her first visit to China as a guest of the Ministry of Foreign Trade and Economic Cooperation. The visit is designed to strengthen bilateral economic cooperation and trade, explore new ways for the further expansion of such cooperation and make preparations for the scheduled visit to China in June this year by Prime Minister Wim Kok of the Netherlands.

Van Dok told Gu that she was pleased that China and the United States have reached an agreement on the issue of intellectual property rights, and that she was concerned about when China would join the World Trade Organization.

During the talks, Gu answered a series of questions raised by van Dok and reaffirmed China's consistent stand on the resumption of its status as a contracting party to the General Agreement on Tariffs and Trade.

Li Lanqing Meets Van Dok

OW2802134995 Beijing XINHUA in English
1242 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Anneke van Dok, visiting minister of foreign trade of the Netherlands.

Li said that there had been smooth development in relations between China and the Netherlands in recent years, especially in trade, with many Dutch companies having established cooperative relations with Chinese partners.

The Chinese government not only welcomes the larger Dutch companies, but also hopes that middle- and small-sized enterprises of both countries can expand their cooperation, Li said, adding that the Dutch Foreign Trade Ministry and Chinese Ministry of Foreign Trade and Economic Cooperation should promote exchanges and cooperation.

Van Dok noted that the new Dutch government attaches great importance to Dutch-Chinese relations, and her current visit is aimed at strengthening the friendship between the two peoples, as well as enhancing bilateral cooperation in trade and investment.

She said that she was very glad to be the first minister of the new Dutch government to visit China, and that her visit will be followed by those of the Dutch prime minister and other ministers.

Li said that the Chinese people are looking forward to the visit of Dutch prime minister in June this year.

Wu Yi Meets Dutch Trade Minister

OW2802140195 Beijing XINHUA in English
1307 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Wu Yi, Chinese minister of foreign trade and economic co-operation, said here today that China is willing to further its economic cooperation and trade with the Netherlands.

While meeting with Anneke van Dok, the visiting minister of foreign trade of the Netherlands, Wu expressed satisfaction with the growth of bilateral economic ties and trade over the past few years. The total volume of bilateral trade increased six-fold in the past ten years, she noted.

By the end of last year, Dutch had invested 230 million U.S. in 280 projects in China's electronics, chemicals, pharmaceuticals, foodstuff, and other sectors, she said.

There exists a great potential for Sino-Dutch economic cooperation and trade, Wu said, adding that the current China visit of the large economic delegation headed by Van Dok will no doubt accelerate the bilateral economic ties and trade.

The two ministers also discussed specific issues on how to expand such relations.

Van Dok extended her congratulations on the agreement that China and the United States have reached on intellectual property rights.

Wu expressed her thanks, adding that the Sino-U.S. talks showed that the best way to solve trade disputes between

countries is through consultations on the principles of equality, mutual understanding and accommodation.

China and the Netherlands may also settle their problems in line with these principles.

Qiao Shi Meets With Spanish Senate President

*OW2702172095 Beijing XINHUA in English
1707 GMT 27 Feb 95*

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Qiao Shi, Chairman of the Chinese National People's Congress (NPC) Standing Committee said here today that China will continue to strengthen its political and economic reforms based on stability.

He made the remark during a meeting with Juan Jose Laborda Martin, President of the Spanish Senate, and his party, who arrived here yesterday as guests of the NPC Standing Committee.

The top Chinese legislator referred to Sino-Spanish ties as being "good", and said that he believes that the friendly and cooperative relations between the two countries will be further developed.

Qiao said that China is a developing country with a large population and a small amount of cultivated land, adding that there are many things China must do to become comparatively well-off by the end of the century, and to reach the level of a developed country by the middle of the next century.

To realize its goals, Qiao continued, China needs a peaceful international environment, and needs to reinforce its cooperation with countries around the world.

Laborda, who visited China in 1985, said that great changes have taken place in the country over the past ten years, and added that the Spanish people appreciate the fact that China is advancing its reforms while maintaining social stability.

Spain and China enjoy good relations, Laborda said, and the two countries share similar or identical views on many major international issues.

He went on to say that, although there are different political parties in Spain, they concur on promoting Spanish-Chinese relations. He told Qiao that Spanish businessmen will invest more in China, which is broadening its laws concerning foreign investment.

This evening Qiao hosted a banquet in honor of Laborda and his party.

Jiang Zemin Meets Martin

*OW2802110195 Beijing XINHUA in English
0944 GMT 28 Feb 95*

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Chinese President Jiang Zemin today expressed his satisfaction with the relations between China and Spain.

He made the statement during his meeting with Spanish Senate President Juan Jose Laborda Martin here today.

Jiang said Laborda has made great contributions to promoting Sino-Spanish relations and exchanges between the Spanish Senate and the Chinese National People's Congress, as well as to enhancing the friendship between the people of the two countries.

The Chinese president said he was glad to have the opportunity to get to know Laborda and his delegation, saying that Laborda's current visit to China will further promote the understanding, cooperation and friendly ties between the two nations.

According to Jiang, frequent contacts between leaders of the two nations have played an important role in furthering the friendly co-operation between the two sides in political field and in trade and economy.

With the joint efforts from the two sides, gratifying progress has been made in Sino-Spanish trade and economic cooperation and in the scientific, technological and cultural exchanges and cooperation.

Speaking highly of the very remarkable changes that have taken place in China in recent years, Laborda said not only have there been good political relations between Spain and China, but also their trade ties are being improved and developed. China is a good partner of Spain, he stressed.

The Spanish Senate president said that his country would work for continuous development of the bilateral relations. He said he also hoped for further co-operation in the international sphere between the two nations so as to contribute to a stable international situation.

During the meeting, Jiang asked Laborda to convey his regards to King Don Juan Carlos and his wife and Prime Minister Felipe Gonzalez when he returns to Spain.

Chen Muhua, vice-chairman of the Standing Committee of the Chinese National People's Congress, was present at the meeting.

Political & Social

Macao Report Claims Zhu Rongji, Qian Qichen Replaced

LD2802165395 Lisbon Radio Renascenca in Portuguese to Europe 1500 GMT 28 Feb 95

[FBIS Translated Text] A cabinet reshuffle is underway in China. The foreign minister and the man responsible for the recent economic reforms are being replaced for the sake of political stability. There is internal political change and preparations are underway for the replacement of Deng Xiaoping. On the eve of the Chinese Communist Party congress, the man most likely to replace him is Jiang Zemin. More details from Paulo Rego, from Macao:

[Rego] A reshuffle is taking place in Beijing for the sake of political stability. This comes at a time when social stability is reaching breaking point. Inflation is rocketing and foreign experts predict social upheaval. The fourth plenary Communist Party congress will be in mid-March and President Jiang Zemin is giving the orders.

Diplomatic sources in Beijing are today reporting the fall of Foreign Minister Qian Qichen together with the man in charge of economic reform, Zhu Rongji. It is being reported that Qian Qichen may be put in charge of relations with Macao, Hong Kong, and Taiwan. Zhu Rongji's reforms are being called into question at party level particularly because of the runaway inflation.

'Remnant Maoists' Said Fighting for Power

HK0103055295 Hong Kong SOUTH CHINA MORNING POST in English 1 Mar 95 p 1

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Remnant Maoists in the Communist Party have mounted a bold campaign to claw back lost territory in the run-up to the post-Deng Xiaoping era. Political sources said the ideologues had the upper hand over the liberal "rightists" in spite of a recent reappearance by ousted party chief Zhao Ziyang in Sichuan and Jiangxi Provinces.

The sources said conservative elder Deng Liqun had put together a coalition of leftists, or Maoists, who included retired member of the Politburo Standing Committee Song Ping.

They said that the Contemporary China Research Institute, a major think-tank of the leftists, had speeded up its task of collecting the "misguided writings and speeches" of the party's reformers. A source close to the institute said that under the direction of Mr Deng Liqun's protegee Zhu Tong, researchers had created dossiers on senior cadres who had advocated radical market reforms. Apart from the followers of Mr Zhao, these included moderate leaders ranging from Vice Premier Zhu Rongji to Mr Deng Xiaoping.

"After the patriarch's death, Deng Liqun and his team will use this material to paint an unfavourable picture of the 17 years of reform," the source said. "The ideologues will argue that quasi-capitalist reforms have led to inflation, disparity of income levels, and the rebirth of a capitalist class."

Mr Song, the head of the so-called Gansu Faction who still has a large say over personnel issues, recently gave his support to the ultra-leftist journal Zhenli de Zhuiqui or Seeking Truth.

Meanwhile, liberal cadres have drawn encouragement from reports that Mr Zhao had toured Sichuan and Jiangxi during the Lunar New Year period. The former party boss met party and government officials, but refrained from discussing politics. The source said that unlike the leftists, Mr Zhao and his followers had no plan of action for returning to the limelight after Mr Deng's death.

Jiang Said Insincere About Anticorruption Drive

HK0103062495 Hong Kong SOUTH CHINA MORNING POST in English 1 Mar 95 p 17

["China" column by Willy Wo-lap Lam]

[FBIS Transcribed Text] Very few China-watchers in Beijing believe that the administration of Jiang Zemin is about to launch a genuine anticorruption campaign, one that would get to the heart of what the president calls "the exchange of power for money." This is despite the publicity outside China about the detention of Zhou Beifang, the Shougang Corp executive and son of its patriarch Zhou Guanwu, for "commercial crimes."

Reports about a large-scale "catch-the-tigers" movement notwithstanding, the current antigraft exercise seems nothing more than old wine in a new bottle: The Communist Party of China (CPC) going through the motions to mollify the masses. There is not even evidence to suggest that, given Mr Zhou Guanwu's friendship with senior leader Deng Xiaoping and his family, the blitz against Shougang is Mr Jiang's way of winning popular support while sidelining the Deng household, who might know too much about his past.

First of all, investigations into the alleged misdemeanours of the Zhou clan began more than two years ago, when Mr Deng was in power. For all the suspicions surrounding the older Zhou, it seems probable that the 77-year-old "Shougang emperor" will be spared criminal investigation—and allowed to spend his last days in a sanatorium for high-ranking cadres. A news blackout about Shougang imposed on the domestic media suggests that the CPC leadership is reluctant to launch a "mass campaign" against a well-connected clan. Mr Jiang has reason to have second thoughts about using the Shougang case as an example of tequans, or powerful families and groupings, using privileges to line their pockets.

First, it is a big no-no in Chinese political culture for a newly-installed "helmsman" to cast aspersions on his mentor or his family immediately. More importantly, excessive publicity about Shougang could prompt public demands for "similar treatment" for dozens of major clans suspected of tequan. One recalls the case of the Changcheng Corp, whose boss Shen Taifu was executed last year for shady deals including the issue of junk bonds worth 1 billion yuan.

In spite of Mr Shen's well-known personal ties with several senior politicians, only a relatively small fry, then vice minister of science and technology Li Xiaoshi, was arrested. The domestic media made much of the execution in mid-January of the former vice-chief of planning of Guizhou Province, Yan Jianhong. Nothing, however, has been written about Ms Yan's husband, Liu Zhengwei, the savvy former party boss of Guizhou. As investigations into his wife's graft climaxed in mid-1993, he was posted to Beijing as the executive vice-chief of the Communist Party Work Committee for Central Government Departments.

Mr Jiang's commitment to fighting corruption has been cast into doubt by a widely reported conversation he recently had with clean-government chief Wei Jianxin. Mr Wei, who is secretary of the Central Commission for Disciplinary Inspection and supervision minister asked Mr Jiang: "Shouldn't we emulate Chairman Mao in the 1950's and chop off the heads of a dozen-odd big tigers?" After pondering for a while, Mr Jiang reportedly replied: "Our top priority remains maintaining stability. Today, few people have the chairman's authority."

Translation: going the distance in the antigraft campaign will upset stability because it might implicate those whose support Mr Jiang needs to ensure a smooth transition to "the third-generation leadership with comrade Zemin as its core."

Observers have pointed out that, in spite of the sound and the fury, not a single "tiger" has been nabbed during annual anticorruption campaigns since the early 80's. "The authorities have yet to snatch a cadre with full ministerial rank," said a veteran party member in Beijing. "Zhou Guanwu, of course, has ministerial status but his son will likely be made to pay for the patriarch's alleged transgressions." There are disturbing signs that instead of tigers, party, police and judicial officials have only dared touch the "tigers' alter egos." The past two months have seen the detention of dozens of personal secretaries of heavyweight politicians on economic crimes.

The suspects have included the secretaries of a vice-premier, a Politburo member, and the mayor of a directly administered city. Insiders said it was unlikely that the senior cadres would have to hold "moral responsibility" for the misdeeds of their underlings. In spite of the voluminous reports in the Hong Kong and Western press about the questionable deals of the offspring of party elders, Zhou Beifang is the only "princeling" who has been trapped.

A Politburo member recently pointed out that given that most princelings are heads of multinational corporations with branches in Hong Kong and overseas, a thorough housecleaning would deal a devastating blow to the image of China's open-door policy.

On the eve of the plenary session of the National People's Congress [NPC], a number of liberal deputies have said they will sponsor legislation on the disclosure of assets held by senior cadres. However, since almost all the top officials suspected of corruption have amassed their wealth through secretaries and other covers—and that much of the money is stowed in overseas bank accounts—the usefulness of a sunshine law is dubious.

Other legislators have asked President Jiang to consider vesting an NPC committee with sole power over the investigation of graft.

China's anticorruption effort is prone to abuse because it is scattered among a dozen-odd party, government, and judicial agencies. Given the CPC's re-emphasis on "overall party control" to ensure stability in the post-Deng era, however, it is unlikely that Mr Jiang would share authority—even power over antigraft operations—with other sectors.

Corruption may be incurable under the CPC system because what is at stake is not greed but power. As a retired cadre put it: "The CPC is built upon the accumulation of power and prerogatives for which the leadership need not be held accountable. Asking the CPC to fight corruption almost amounts to asking for a collective hara-kiri."

Wang Daohan Discloses Deng's Five Major Wishes

HK0103062895 Hong Kong MING PAO in Chinese 20 Feb 95 p A2

["Special article" by special correspondent Hsu Hung-ken (1776 3163 2704): "Wang Daohan Discloses Deng Xiaoping's Five Major Wishes"]

[FBIS Translated Text] According to China's senior leader Deng Xiaoping, there are five tasks that China should accomplish at the turn of the century. These include the establishment of a market economy system, the reversion of Hong Kong to Chinese sovereignty, the reunification of the mainland and Taiwan, and the commencement of the ambitious Changjiang Three Gorges dam project. Wang Daohan, chairman of the Association for Relations Across the Taiwan Straits and regarded as a chief assistant to Chinese Communist Party Secretary Jiang Zemin, disclosed this for the first time at a seminar on learning "Jiang's eight points" which was held in Shanghai recently.

Jiang confirmed that the CPC leadership has made full preparations to preserve the mainland's stability and development after Deng's passing away. He also said that the leadership will make policies based on the

particular interests of the four regions (the mainland, Taiwan, Hong Kong, Macao) to direct China toward the path of mutual wealth and power in the next century.

In China's political circles Wang Daohan has always been considered a steady, careful sort of person, but he talked unusually openly at the small-scale Shanghai seminar on "Jiang's eight points." He quoted Deng Xiaoping's view, saying that China's modernization would be a very long process, and that during the transition all advantageous factors present in each region and each ethnic people must be utilized.

Wang said that Deng had mentioned that China has five major tasks to accomplish at the turn of the century:

1. The continuation of reform and opening up, the establishment of a market economy system in China, and the reunification of the mainland and Taiwan, while preserving stability and development;
2. The smooth transition of Hong Kong and maintenance of its prosperity;
3. The peaceful reunification of the mainland and Taiwan, and the mutual prosperity of all belonging to the Chinese race;
4. Making the Changjiang Three Gorges project a successful one so that the 500 million or so people affected by it can have their livelihoods improved;
5. Insist on peaceful coexistence; promote the peaceful development of the world.

When mentioning Hong Kong's change of sovereignty in 1997, Wang Daohan expressed displeasure at the countdown to '97 trend, which is popular across China. He said that it is really going too far that some watchmakers are even producing countdown to '97 quartz watches. This will make our compatriots in Hong Kong feel very nervous, as if time is running out, he said.

Wang said that it will not be easy to maintain prosperity in Hong Kong after '97, as some international forces have considered weakening the role of Hong Kong to some extent. We have to wait for the arrival of '97 in a calm, pragmatic way, he said. Wang pointed out that it is necessary to achieve solidarity with the large number of civil servants in Hong Kong, preserve their incentive, and motivate them to work for the Special Administrative Region government. He said that one should not assume the civil servants were the instruments of British colonial rule.

Wang Daohan stressed that China's development must simultaneously take into account the interests of the 1.2 billion people on the mainland, the 21 million people in Taiwan, the 6 million people in Hong Kong and the several hundred thousand population in Macao.

As someone who has taken part in devising "Jiang's eight points" and as the most senior mainland representative

in the cross-strait negotiations, Wang's view is that the Taiwan authorities will react favorably to "Jiang's eight points."

He said: Just as years ago, Ye Jianying's nine points resulted in Chiang Ching-kuo's lifting the ban on veterans going to visit relatives on the mainland, and Deng Xiaoping's six points led to Taiwan's putting forward its program for reunification, the Taiwan authorities definitely will react to Jiang's eight points in a way that is mutually beneficial.

Wang disclosed that in the two weeks since the release of "Jiang's eight points," members of the Nationalist Party, Democratic Progressive Party, New Party and other organizations have started to make contacts with the mainland. They were either trying to learn the real situation, or were delivering messages to express their willingness to promote an early end to the state of hostility across the Taiwan Strait.

Wang Daohan said that the Chinese leadership's overall strategy is "peaceful reunification, stable development, working in solidarity and making the country flourish." Based on this strategy, in the relations between the mainland and Taiwan, there is no question of who is devouring who, only cooperation and development between the two, he said. Wang also said that the mainland wants to further understand and study the interests, anxieties and worries of the various sectors in Taiwan, as well as to identify the obstacles to realizing "Jiang's eight points," so that cross-strait relations can move forward in a positive direction as soon as possible.

Jiang also disclosed that "Jiang's eight points" originally were not intended to be released during this period, saying that the timing showed the authority and power of the party's third generation of core leaders at this late Deng period. Wang said the CPC leadership had made complete and comprehensive preparations to maintain the mainland's stability and development after Deng's departure. The release of "Jiang's eight points" showed the stability and continuity of the Taiwan policy of the mainland's third generation of leaders.

CPPCC National Committee Session To Open 3 Mar

OW0103015895 Beijing XINHUA Domestic Service in Chinese 1354 GMT 27 Feb 95

[By reporter Sun Yong (1327 0516)]

[FBIS Translated Text] Beijing, 27 Feb—The Standing Committee of the Eighth Chinese People's Political Consultative Conference [CPPCC] National Committee ended its 10th meeting here today. The meeting decided to hold the Third Session of the Eighth CPPCC National Committee in Beijing from 3 to 14 March.

Li Ruihuan, Standing Committee member of the CPC Central Committee Political Bureau and CPPCC National Committee chairman, attended the meeting.

During the four-day meeting, Standing Committee members earnestly discussed the "Government Work Report" (draft for soliciting views) and other documents and gave many useful opinions and suggestions. Zhu Xun, secretary general of the CPPCC National Committee, gave an account of the discussion.

At today's meeting, Standing Committee members approved the draft agenda and schedule of the Third Session of the Eighth CPPCC National Committee, approved the report on the work of the Standing Committee of the Eighth CPPCC National Committee, decided that Vice Chairman Ye Xuanping shall deliver the report, and approved a suggested name list of additional Standing Committee members to be elected at the Third Session of the Eighth CPPCC National Committee. The name list will be submitted to the session for deliberation. The meeting also approved a report by the Motions Committee of the Eighth CPPCC National Committee on motions handled since the second session, the method for breaking up into groups Standing Committee members attending the Third Session of the Eighth CPPCC National Committee, and a group conveners name list.

The meeting appointed Wang Julu and Liang Jinquan as deputy secretaries general of the Eighth CPPCC National Committee.

Vice Chairman Yang Rudai presided over today's meeting. Vice Chairmen Ye Xuanping, Wu Xueqian, Wang Zhaoguo, Ngapoi Ngawang Jigme, Hong Xuezhi, Deng Zhaoxiang, Qian Weichang, Hu Sheng, Qian Zhengying, Sun Fuling, Zhu Guangya, and Wan Guoquan attended.

'Text' of Dissidents Antigraft Proposal to NPC

HK0103054095 Hong Kong LIEN HO PAO in Chinese 27 Feb 95 p 7

[Report: "The Full Text of the Anticorruption Proposal Submitted to the National People's Congress Standing Committee by 12 Noted Dissidents on 25 February 1995"]

[FBIS Translated Text] I. Corruption Becomes More Serious as the Struggle Against It Intensifies

Since reform, corruption in the form of power being traded for money has become the main scourge, arousing the strongest public concern and possibly developing into social turmoil. Whether corruption can be effectively held in check has become one of the crucial issues affecting social stability and the deepening of reform.

The whole society has come out against corruption and the ruling party and the government have made efforts to combat it. Nationwide anticorruption campaigns were launched in 1982, 1986, 1989, and 1993. There have been numerous meetings, speeches, pieces of legislation, and regulations against corruption, including the two "resolutions" on clampdowns on economic crimes

adopted by the CPC Central Committee, the National People's Congress [NPC], and the State Council in 1982; the "resolution" against corruption adopted in 1993 by the CPC Central Committee and the State Council; and the "five regulations" formulated in 1993 by the CPC Central Committee and the State Council requiring leading cadres at the section level and above to keep their hands clean. Anticorruption regulations and provisions of all sorts appearing in FAZHI RIBAO in 1994 alone amounted to 134 clauses, meaning that one clause was published less than every three days on average. A total of 3,600 centers for reporting offenses have been set up across the country, as have anticorruption bureaus at all levels of judicial organs. NPC and CPPCC [Chinese People's Political Consultative Conference] members have been invited to act as supervisors. The present and previous party and government leaderships have stressed the need to combat corruption, regarding the campaign against corruption as a matter concerning the fate of the ruling party and the state.

However, the increasingly frequent and intensified campaigns against corruption and the harsher and harsher measures against corruption have proved ineffective. It seems that corruption is a monster that specially likes to go against the current of the times; the more you combat it, the bolder and more arrogant it becomes. As a result, more and more money, higher and higher-ranking officials, more and more trades, and even the entire society have been involved in corruption. The following few figures cited from FAZHI RIBAO and published in 1994 can prove that corruption is becoming more serious as the struggle against it intensifies.

In 1982 procuratorial organs placed on file for investigation and prosecution 6,381 corruption cases, involving 29 cadres at county and regiment levels and two at bureau level and 21.7 million yuan. In 1993, procuratorial organs placed on file for investigation and prosecution 13,148 corruption cases, of which 955 involved 100,000 yuan and above, 77 involved 500,000 yuan and above, and 57 involved 1 million and above; 1,037 cadres at county and regiment levels, 64 at department and bureau levels, and one at ministerial level were found guilty; and money not recovered totaled 2.2 billion yuan. The cases placed on file for investigation and prosecution in 1993 were seven times [as published] the number in 1982; the number of cadres at county and regiment levels found guilty of corruption in 1993 was 35 times that in 1982; the number of cadres at department and bureau levels [as published] 32 times that in 1982; and the amount not recovered 102 times that in 1982.

In 1982, the biggest amount involved in a single corruption case was 69,700 yuan, while in 1993 the figure jumped to 640,000 yuan and \$2.74 million, totaling 25.3 million yuan, 366 times the biggest amount in 1982 and 3.6 million yuan more than the amount not recovered in 1982.

In 1993, a leader of the Hebei branch of the Agriculture Bank, disregarding his duties, illegally made out 21 foreign exchange letters of credit involving \$10 billion, or 90 billion yuan.

In 1992, 100 billion yuan of public funds was spent on wining and dining. In November 1993, institutional consumption nationwide hit 123 billion yuan. In a certain area, the 1992 revenue was 390 million yuan, but 180 million yuan, about half the revenue, was spent on expensive cigarettes as gifts. In 1993, a certain city in northeast China spent 13 billion Hong Kong dollars, or 14.3 billion yuan, on importing sedans.

From January to May 1992, 9,533 people from a certain province went abroad at public expense, with the per-capita expense reaching 19,000 yuan and the total 190 million yuan. The average monthly expenditure was 38 million yuan and the expenditure for the whole year was 456 million yuan. The above per-capita expense for travel abroad was not high as compared with a certain city's per-capita expense of 56,700 yuan.

The visible corruption is alarming and the invisible corruption is all the more so. In China at present, the malpractice of trading power for money by "entering by the back door" has become a social practice and has been almost legalized. Some people have forgotten the most rudimentary sense of righteousness essential to a society and of professional ethics. Instead of regarding "entering by the back door" as a disgrace, they take it as an honor. They are not concerned about whether "getting in by the back door" is legal or not, but rather about whether they can find and enter by the "back door" and try to "enter by the big back door." The so-called spiritual vacuum, such as "absence of values [jia zhi kong que 0116 0237 4500 4972]" and "collapse of faith" is to a big extent the result of the pernicious harm done to the entire nation's soul by the corrupt political concept that "power is everything."

II. Our Anticorruption Suggestions

In our view, the reason the ruling party's repeated injunctions against corruption have proved of little effect and corruption has become more serious as the campaign against it has intensified lies in the fact that the existing measures against corruption do not constitute institutionalized restraints on and supervision of the ruling party itself. In other words, corruption can in no way be stemmed by the ruling party's intention, words, or unilateral measures; instead judicial independence and civilian supervision through the press must be upheld and other institutional reforms carried out. In light of the present situation, we have come up with short-term and long-term reform packages. The objective of the short-term package is to stem the increasingly serious corruption, while that of the long-term package is to check the institutional corruption by introducing new institutions to reverse the present situation in which the ruling party is immune to restraint and supervision. The

short-term package can be put into practice right now and the long-term package can be carried out in three to five years step by step.

1. The short-term reform package.

One, setting up an independent NPC anticorruption committee to supervise the ruling party and the government. The members of the committee should be chosen from among NPC deputies through fair elections and they should be full-time personnel responsible for discovering all political corruption.

Two, as China's present corruption finds expression not only in corruption, taking bribes, misappropriating public funds, and neglecting duties, but also in wasting public property at will, and because there is no legislation against the latter, we suggest the NPC introduces a special law against the squandering of public funds to reverse the present situation in which the government punishes offenders by means of executive fiat rather than according to law.

Three, introducing as soon as possible a system of lifelong tenure for judges and an examination system for them. Efforts should be made to gradually withdraw and finally eliminate the ruling party's direct interference with and control over judicial operations.

Four, formulating as soon as possible a law under which civil servants and their children and other family members are required to report and publish in the media their property. If necessary the government should learn from South Korea in introducing the system under which nobody is allowed to deposit money in a bank in an assumed name.

Five, formulating at an early date a law under which no civil servant is allowed to go into business during his tenure. The existing executive fiat should be turned into NPC legislation. If civil servants go into business (including making investments and speculating in shares), they should be considered as contravening the law and discipline and their personal assets should be handed over to legal institutions for management.

Six, what is most important is to allow civilian supervision through the media. The NPC should enact a special law in accordance with Clause 35 of the Constitution to support the establishment of a civilian offense reporting center and a civilian "anticorruption newspaper" and to defend the legitimate rights of civilian anticorruption organizations and media.

Seven, efforts should be made to do away with the ruling party's comprehensive control of the existing media (radio, television stations, newspapers and periodicals, and publishing houses). A press law should be formulated as soon as possible so that the existing media will gradually change from the ruling party's mouthpiece to the people's spokesman.

2. The long-term reform package.

Power corrupts and absolute power corrupts absolutely. In view of this, the most effective measure to root out corruption is to subject the ruling party's power to institutional restraints and supervision.

One, defending the people's freedom of association and lifting in good time the bans imposed by the party. Voters should be allowed to effectively restrain the ruling party's power through free elections.

Two, introducing a constitutional democratic system under which power is subject to checks and balances. The NPC and the CPPCC should be transformed into legislative organs independent of the ruling party so that legislative, judicial, and administrative powers will be truly separated. The ruling party's existing control over the NPC's legislative power should be removed and so should the control of the Central Commission of Political Science and Law, which is appointed by the ruling party, over judicial power.

Three, setting up an independent constitutional court to monitor and punish activities in breach of the Constitution carried out by the ruling party, the NPC, the government, and the procuratorate.

Four, lifting bans on newspapers to really give the people the sacred freedom of speech entrusted to them by the Constitution. Civilians should be allowed to run radio stations, television stations, newspapers and periodicals, and publishing houses so that the social media will really become the fourth power, namely, the people's supervisory power through the media, which restrains political power.

Five, the Constitution should give private property a legal status in clear terms so that existing state, collective, and private property will easily get a legal status. The reform to sort out the relationship between ownership and management of enterprises should be deepened.

In short, whether China will become a modern democratic country late this century and early next century, achieving economic growth while stemming political corruption, will depend upon whether the ruling party continues to carry out reform from the top downward and whether the civilian political forces organize reform from the lower level upward. So long as the ruling party and civilian political forces give top priority to public interests, state interests, and overall national interests, conduct responsible and constructive political consultations on equal terms, display more magnanimity and less hostility, and work together to combat corruption and promote social reconciliation, there will be a bright future for China.

The signatures are as follows: Bao Zunxin, Wang Ruoshui, Chen Ziming, Xu Wenli, Liu Xiaobo, Chen Xiaoping, Zhou Duo, Wu Xuecan, Min Qi, Sha Yuguang, Liao Yiwu, and Jin Cheng.

Further on 7 Laws Adopted By NPC Standing Committee

HK0103071095 Beijing CHINA DAILY in English 1 Mar 95 pp 1, 2

[By Ma Chenguang: "Legislature Approves 7 New Laws"]

[FBIS Transcribed Text] China's legislature yesterday approved maximum five-year prison terms for violators of the Company Law, with concurrent heavy fines.

Targeting offences in 11 categories, the decision was signed by President Jiang Zemin and went into effect yesterday.

After an eight-day session in Beijing, the Standing Committee of the National People's Congress (NPC) also gave the green light to six other laws and amendments covering judges, procurators, police, elections, regional government, and legislative forms and taxation.

According to the Company Law decision, if an applicant seeks to establish a company with falsified registered capital or forged documents, he will be taken into custody or face a maximum three-year imprisonment, plus a fine of up to 10 percent of the registered capital.

The Company Law, in effect since last July 1, stipulated strict provisions on establishing and running companies and is viewed as essential to finalizing a modern company system in China.

In the second category, if the company's initiator or shareholder offers forged capital or withdraws his capital after the establishment, he will be detained or face imprisonment up to five years, with a fine of 10 percent of the forged or withdrawn capital.

Nine other categories of offences include:

- Those who illegally raise shares and stocks, hide property when going bankrupt or forge financial documents will get a custody or a maximum five-year stay in prison, with concurrent fines.
- If a company cheats shareholders or the public with forged accounting reports, or the employer or employee diverts the company's funds under his power, the person bearing responsibility will receive a maximum three-year imprisonment, plus fines.
- For the employer or employee who takes bribes or embezzles public funds, there will be custody or an imprisonment of up to five years, plus fines.

Meanwhile, the People's Police Law, which also went into effect yesterday, provides that the term "people's police" can be applied only to judicial employees in public security, state security organs, prison, correctional institutions, courts, and procuratorates.

But outlining specific rights for them, the bill added that the aim of all the police is to "serve the people" and they have to observe strict discipline during their service.

The bill contains 52 articles in eight chapters, replacing the People's Police Rule that was endorsed in 1957.

To date, China is estimated to have a 1-million-strong police force, excluding the 600,000 "armed police."

And the Judges Law and the Procurators Law, to take effect on July 1, offer a new four-tier judicial rank to judges and procurators to converge with world practices and raise their professional energy.

For the judges, the ranks include a top judge, grand judges, senior judges and judges, while for the procurators, there will be a top procurator-general, grand procurators, senior procurators and procurators.

These three bills, all the nation's first since the founding of the People's Republic of China, outlined a framework for the judicial workers and are considered a move in enhancing state power.

The other bills include the revised Electoral Law of the NPC and Local People's Congresses, Organic Law of the Local People's Congresses and Local People's Governments, and an amendment to the Tax Collection Law, all becoming effective yesterday.

In invigorating grass-roots people's congresses, the revised Organic Law authorized the state to establish a chairman and one or two vice-chairmen in township people's congresses where there are no standing committees.

In addition, the amendment to the Tax Collection Law stipulates that value-added tax can only be printed [word as published] by enterprises designated by the central tax authorities.

The law is aimed to strengthen control on taxes and curb tax evasion.

In a related development, China is to stage seven artistic shows to entertain participants in the grand annual sessions of the NPC and the Chinese People's Political Consultative Conference, which will begin on Friday.

Beijing citizens will also have access to the entertainment which runs between March 9 and 17 with dances, songs, plays, and local operas.

Artistic Shows To Be Staged for NPC Delegates

OW2802154795 Beijing XINHUA in English 0824
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China will stage several artistic shows to entertain delegates attending the Third Session of the Eighth National People's Congress (NPC) to be held from March 5 to 19.

Members of the Third Session of the Eighth Chinese People's Political Consultative Conference will also be invited to watch the performances.

Meanwhile, Beijing citizens will have access to the theaters, Li Zhun, a senior official of the Chinese Communist Party Central Committee's Propaganda Department, told a press conference here today.

Hosted by the Propaganda Department of the Central Committee of the Chinese Communist Party, the Justice Ministry and the Culture Ministry, the shows will highlight the theme: "The market economy is an economy based on law".

The repertoire will include dances, Songs, plays and local operas, the official said.

Art has been an important means of raising the people's awareness of the law since the Party decided in 1986 to spread knowledge of the law among the public.

Jiang Zemin and other Chinese leaders have listened to law lectures given by experts, and this is regarded as a sign that the government has been paying more attention to construction of the legal system.

This will be the first time for China to stage such a show.

Tibet Monk Describes Tortures Under Chinese

LD2702160495 London PRESS ASSOCIATION in
English 1530 GMT 27 Feb 95

[By Linda Jackson, Social Affairs Correspondent, PA News]

[FBIS Transcribed Text] Britain was today urged to campaign against human rights abuses in Tibet by a monk who described 30 years of torture at the hands of the Chinese.

Palden Gyatso, 64, told how he was subjected to brutal beatings as a political prisoner following China's invasion of Tibet in 1959.

He fled from the country after his release from jail and passed on details of atrocities to the United Nations Commission on Human Rights last week.

Today, giving his first interview to reporters in the West, the monk called on Britain and other countries to help liberate Tibet.

The tortures he endured included having an electric shock baton rammed down his throat, being hung from a ceiling and a fire lit beneath him, and beatings with nail-studded piece of wood. In one prison, he was so sparsely fed that hunger drove him to eat his own boots.

At a Westminster news conference, Gyatso displayed instruments, bearing a Chinese insignia, used to torture him—and told how he feared the repression was getting worse. "Some of the things that happened were unbelievable. When a prisoner was executed, the family was sent

an an invoice for the bullets used, any rope and other costs incurred during the execution. Where else in the world could such a system exist?"

Guizhou's Impoverished Peasants Cause Disturbances

HK0103103495

[FBIS Editorial Report] Hong Kong CHIEN SHAO in Chinese No 3, 1 March 1995 carries on pages 30 and 31 a 2,200-character article by Kuo Yu entitled "Something Quite Unusual in Guizhou Today." After describing in detail about people in Guiyang being fond of eating, p'aying, gambling, and drug-taking, the article goes on to say: "Guiyang people do not grudge spending thousands of yuan on a meal but many mountain people in the suburban areas just a few li away live in another world. In Guizhou Province some 8 million people still do not have enough to eat and wear. They live in leaky, dilapidated thatched cottages. They have no beds, clothing, or quilts, all the family have are some broken bowls. Some even do not have a bowl! When eating, they use a piece of wood with a shallow concave. Driven to extreme poverty, people are bound to rebel and riots have never stopped in Guizhou.

"At the end of 1994, the mountain people in Guizhou's Kaili Autonomous Prefecture [There is a Kaili city in Guizhou's Qiandongnan Miao-Dong Autonomous Prefecture] created a disturbance to oppose taxes and levies; in Guizhou's Tongren Prefecture, tens of thousands of mountain people refused to deliver agricultural tax paid in grain and fought gun battles with the Liberation Army soldiers the Central Military Commission had moved from Hunan and Guizhou, reportedly resulting in many deaths."

The article says: The question of how to provide relief to and placate these impoverished people has caused the communist party enough headache. In the face of forced resettlement, the mountain people refused to leave their dilapidated cottages. Some stepped outside their houses but were too lazy to take the piles of clothing and other articles of daily use and the sacks of grain in front of them. On the pretext that they could not carry those things, quite a few mountain people only took 20 jin of relief grain and exchanged the remaining 30 jin for wine because drinking is what they enjoy most.

Li Lanqing Inspects Chain Stores in Beijing 13 Feb

SK2802130095 Beijing BEIJING RIBAO in Chinese 15 Feb 95 pp 1, 3

[FBIS Translated Text] Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, inspected some chain stores in Beijing on the afternoon of 13 February in the company of Li Qiyang, mayor of Beijing, and He Jihai, vice minister of internal trade. Li Lanqing emphasized:

Development of chain-store operation marks an important reform of the commodity circulation system. As the national capital, Beijing should develop chain-store operation faster and in a healthier manner in line with the standardized requirements for scientific and modernized chain-store operation and China's actual conditions.

Beijing's chain-store commerce is being started thanks to the development of the socialist market economy, the in-depth commercial reform, and the improvement of the consumption level. Regarding the development of chain stores as an important aspect of commercial work, the municipal government encouraged all trades, all localities, and all departments to develop the chain-store operation in various forms early last year. Beijing's chain-store operation companies have increased to 25 and chain stores to 324 so far.

Li Lanqing and others first went to the Yinghua chain store of the Lukai Industrial Corporation in Dongcheng District. Neat and clean, the store had 1,500 kinds of commodities on open shelves for sale. Li Lanqing talked cordially with the staff members and workers to ask in detail about the variety of commodities, the channels for replenishing the stock, the business income, and the income of the staff and workers. He advised that the store deal in vegetables, books for primary and middle school students, and stationery to better serve the people and make their lives more convenient.

At the Xifu chain store in Xicheng District, Li Lanqing seriously inspected the commodity supplies and prices and asked the store to resist fake and inferior goods. He also asked customers how they liked the store, who said that the store was neat and clean, prices were cheap, and they felt at ease buying goods from the store.

Then, Li Lanqing heard the reports by the Xifu chain store, the Lukai Industrial Corporation, the Chaoshifa chain store, and several districts and inquired about relevant conditions.

Li Lanqing said in his speech: Commodity circulation has become much more important during the shift from the planned economy to the socialist market economy. We should conscientiously study the reform of the commodity circulation system, clarify the direction, and further develop the commodity market. Judging from the experiences at home and abroad, chain-store operation is a common law. Small-scale circulation and small-scale commerce can only lead to small-scale production and small-scale industry. Development of the chain-store operation not only can help state and cooperative commercial units change their mechanism and increase their vigor, but, thanks to the increased scale and increased volume of purchases, it also can help promote large-scale production and large-scale industry, bring along the large-scale and modern production for the vegetable basket project, facilitate the modernization of circulation, and truly develop the role of state and cooperative commercial units as the major channels for

obtaining and distributing commodities. Judging from this, we can say that developing chain-store operation is an important directive reform of the commodity circulation system.

Li Lanqing said: Chain stores are operated at various levels and on various scales to serve different people. China's current commercial chain stores roughly consist of four levels. First, is the convenience store chains mainly selling grain and oil foods and groceries. Second, is the supermarket chains mainly selling vegetables, meat, food, stationery, daily household supplies, and some general merchandise. Third, is the large chain department stores. Fourth, is the boutique chains. Unified accounting and unified purchases of goods are the core of the chain-store operation. Without the unified purchasing and distribution center, chain-store operation will have no meaning. The larger scale the chain-store operation is, the better efficiency it will generate. In general, chain-store operation should be developed first at the grass roots, the barriers between different trades should be eliminated, and diversified businesses should be developed while emphasizing one. Reform is designed to better develop productive forces and better serve the people. At present, we should develop convenience store chains and supermarket chains first to make people's lives more convenient.

Li Lanqing pointed out: Chain-store operation has the following advantages. Unified purchases and distribution of large amounts of goods enable chain stores to link directly with production enterprises and nonstaple food production bases, including those for the vegetable basket project, and, therefore, to reduce intermediate links, lower cost and selling prices, enhance competitive ability, and also feed large amounts of market and consumption information back, thus playing a role in guiding production. Standardized and scientific management helps reduce expenses and improve efficiency. Unified purchases of goods and the system that separates purchases from marketing help prevent fake and inferior products from damaging consumers. Adoption of unified prices helps state and cooperative commercial units play their role as the major channels for obtaining and distributing goods, and also helps prevent price increases and control inflation. The practice of allowing customers to choose commodities by themselves may help reduce their contradictions with sales clerks. As the national capital with over 300 chain stores, Beijing should explore and summarize experiences and develop chain-store operation faster and in a healthier manner in line with the scientific and modern standardized requirement and China's actual conditions. Li Qiyang said: Vice Premier Li Lanqing has always been much concerned about Beijing's commercial reform. His inspection of the chain stores and important directives will greatly promote our work. Beijing should develop both large shopping centers and chain stores. This is conducive to the stability and economic development of the national capital. We

should conscientiously implement Comrade Li Lanqing's directives and develop chain stores more quickly and successfully.

Meng Xuenong, vice mayor, and Zang Hongge, assistant to the mayor, also accompanied Li Lanqing during the inspection.

Hu Jintao Attends Tibetan New Year Gathering

OW2802145495 Beijing XINHUA in English 1410
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—People of the Tibetan nationality in Beijing today gathered together in the Cultural Palace of All Nationalities to celebrate the Tibetan New Year, which falls on March 2.

Hu Jintao, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), attended the gathering.

During the gathering, Nyima Cering, director of the Beijing Office of the People's Government of the Tibetan Autonomous Region, said that during the past year, the people of Tibet, with the help of the Central Government and people of interior regions of the country, united together and worked hard, achieving many things in many fields.

For example, the autonomous region had a Gross Domestic Product worth 4.17 billion yuan, up 8.6 percent from the previous year, and saw steady growth in farming and animal husbandry, with per capita income for local farmers and herdsmen reaching 590 yuan.

Industrial production rose, with the output amounting to 535 million yuan, up 12 percent from the previous level and the highest figure during the period of the Eighth Five-Year Plan (1991-95).

This year will be the first year for implementing, in an overall way, the spirit of the third forum on Tibet work of the CPC Central Committee and the 30th anniversary of the founding of the Tibetan Autonomous Region.

The director pledged that in the coming year, the people of Tibet will closely unite around the CPC Central Committee, with General Secretary Jiang Zemin at its core, seizing every opportunity, and working harder to bring socialist modernization in the region to a new level.

More than 500 people, including leaders from central government departments, the Beijing Municipal Government, and Tibet attended today's gathering.

Qian Qichen Inscribes Book on Diaoyutai Cuisine

OW2802163095 Beijing XINHUA in English 1616
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The Diaoyutai State Guesthouse cuisine, which

is based on the best of the major culinary schools of China and uses western-style dishes as well, has come out in Chinese, Japanese, and English versions.

The two-volume book weighs about three kilograms, and is a collection of more than 300 dishes often prepared at banquets given in honor of visiting foreign heads of state or other guests.

Zhu Guiyu, director of the State Guesthouse, said that the publishing of the book on cuisine not only describes the development and characteristics of the Diaoyutai dishes, but also plays a role in preserving traditional Chinese culture.

He expressed the belief that Japanese and visitors from other countries will enjoy it very much.

Since its founding more than 30 years ago, the State Guesthouse has played host to more than 500 foreign heads of state and government officials.

The State Guesthouse has found ways to cook more than 1000 dishes containing lower amounts of sugar, salt, and fat, but higher protein, which have received the acclaim of Chinese and foreign dignitaries as well as of the China Society of Gastrology.

Endo Akira, visiting president of the Shufu-to-Seikatsu-Sha Co., Ltd, said after tasting the delicacies of Diaoyutai: "The brilliant color and taste left me speechless. I sensed from it the strong flavor and vitality of the five-thousand-year history of China."

Qian Qichen, vice-premier of the State Council and foreign minister, wrote an inscription to honor the publishing of the book.

Former Journalist Predicts Large Environmental Problems

HK0103062295 Hong Kong SOUTH CHINA MORNING POST in English 1 Mar 95 p 8

[By Agnes Cheung]

[FBIS Transcribed Text] Millions of Chinese may leave the mainland for greener pastures as the environment there continues its downhill slide, a leading environmentalist said yesterday. Dai Qing, a former investigative journalist with the Guangming Daily, said at a forum in Hong Kong yesterday that many mainland officials paid only lip-service to environmental protection.

Ms Dai said the problems were further heightened because of limited public awareness in China of the importance of environmental protection. She believes it will take at least 50 years before most people come to recognise the importance of a greener environment.

Ms Dai was a prominent campaigner against the mainland's Three Gorges Dam project, pointing out the enormous scheme could prove an environmental disaster. Despite close connections with some senior

Communist Party leaders, she was muzzled by the authorities and her articles rarely appeared in the mainland press.

Yesterday, the former reporter listed scores of environmental problems in China: Beijing's scarcity of clean drinking water; fast-disappearing forests in the Three Gorges area on the Yangtze River and on tropical Hainan Island; and severe acid rain concerns in Yunnan and Guizhou Provinces.

As the crisis worsens, many mainland officials are turning a blind eye to the already serious environmental problems in their pursuit of foreign investment. "With the current political, economic, and educational problems in the country, there is no chance at all for an average person to do anything on environmental protection," Ms Dai said. She also expressed disappointment there was virtually no openings in China for private environment groups such as Greenpeace because the Communist Party viewed such organisations as potential challengers to its monopoly of power. And the 53-year-old says she must be very careful in how she manages the Beijing Environmental Translation Centre which she set up more than a year ago. It has yet to register with the authorities. The centre now publishes a monthly English-language newsletter, chiefly a compilation of environmental protection articles translated from Chinese publications.

To raise environmental consciousness among the young, Ms Dai will help the Shenzhen Municipal Education Bureau teach children English with a special focus on environment themes. But due to financial and copyright problems, the activist has abandoned a plan to introduce children to foreign films about the environment.

National Policy Consulting Work Conference Held

SK0103071295 Beijing XINHUA Domestic Service in Chinese 2335 GMT 28 Feb 95

[By RENMIN RIBAO reporter Wang Ke (3769 4430) and XINHUA reporter Yao Datian (1202 6671 3240)]

[FBIS Translated Text] Nanjing, 28 Feb (XINHUA)—The national policy consulting work conference was held in Jiangsu's Wujiang on 27 February. Li Tieying, member of the Political Bureau of the CPC Central Committee and state councillor, made a written speech at the conference.

This three-day national policy consulting work conference was convened by the Development Research Center of the State Council.

Sun Shangqing, director of the Development Research Center under the State Council, delivered a speech at the conference. He said: Over the past year, policy consulting and research organs at various levels have firmly grasped the general task for the entire party and the entire country defined by the central authorities; have

energetically conducted policy consultation and research for the major, hot, and difficult issues regarding reform, opening up, and economic development; and have provided consulting services for the policymaking of governments at all levels as well as enterprises, thus achieving gratifying results. He also set forth the following five tasks for this year's policy consultation and research: 1) research countermeasures for macroeconomic regulation and control and try every means possible to curb inflation; 2) research the issues regarding reform and development of state-owned enterprises and promote the building of a socialist market economic system; 3) research the issues concerning development of agriculture and the rural economy, and strengthen the foundation for the national economy; 4) research the strategy and policy on making opening up develop towards high level, wide sphere, and better quality; and 5) research the quality and efficiency of economic growth and the basic idea regarding medium and long-term development planning.

Aviation Official Calls For Improved Flying Safety

HK0103071195 Beijing CHINA DAILY in English 1
Mar 95 p 2

[By Sun Shangwu: "Air Safety to Improve With Pilots' New Efforts"]

[FBIS Transcribed Text] A high-ranking civil aviation official urged those in the industry including pilots to spend more time studying professional technology and strengthening the implementation of existing regulations to further improve flying safety.

Pilots should learn the latest knowledge in flying new model aircraft. Their study mainly needs to cover operation methods, special equipment use, and special circumstances.

All of them should pass the flying theory examination, said Yan Zhixiang, vice-minister of the Civil Aviation Administration of China (CAAC).

As airplanes evolve, pilots should keep abreast of the latest changes and learn new operation skills.

Last year a total of nine captains and 19 flight instructors were dismissed from their posts after they failed to pass their technical examinations.

Ground crews, overhaul personnel, and air traffic control staff are also urged to update their professional skills.

Each year pilots should be released from flying so they can spend at least 10 days on their studies focusing on new aviation theory, treatment of special incidents, and holding professional seminars.

Aircraft maintenance crews and air traffic control staff are also urged to spend no less than eight hours in professional study each month.

Yan told a recent national conference on flying safety that this year CAAC will sign safety contracts with its regional administrations, airlines, and major airports to link officials' careers with their safety records.

CAAC announced that those airlines having extraordinarily serious accidents will not be allowed to purchase new airplanes for three years. If they have records of serious flying accidents, they will be forbidden to add new airplanes for two years.

Education Commission Urges Help For Poor Students

HK0103071295 Beijing CHINA DAILY in English 1
Mar 95 p 2

[By He Jun: "Measures Mapped Out To Help Poor Students"]

[FBIS Transcribed Text] China's top education authorities have mapped out a series of measures to provide financial assistance to poor college students, while promoting a unified-tuition policy across the country.

School and local authorities should pay more attention to assisting poor college students. This is an issue that will directly affect the goal of higher education's reforms said Zhang Tianbao, vice-minister of the State Education Commission (SEC).

It also affects schools and social stability, he added.

He made his remarks at a national seminar on financial aid for poor college students, which opened yesterday in Beijing.

The SEC presented participants at the 3-day seminar with a package of measures to discuss with colleges and government departments.

The package plans to grant colleges full authority in managing all kinds of scholarships. It also suggests the central government adjust the amounts of special scholarships for students of teaching, agriculture, forestry, sailing, ethnic study, and physical education, according to the inflation rates.

More professional scholarship will be set up to aid students who will take certain jobs after graduation, said Yang Zhoufu, a SEC official.

The SEC also plans to greatly increase the amount of student loans.

Yang estimated that 50 million yuan (\$5.9 million) are needed annually over the next four years to establish a sufficient student loan fund to cover the 330 colleges and universities run by the SEC and other ministries.

The SEC is also preparing a tuition-waiver policy in order to make sure no student abandons his higher education opportunity just because of financial difficulty.

The SEC is promoting a unified tuition-fee policy to wipe out the so-called "self- and enterprise-sponsored students," from whom the schools charged more money but less academic scores in the entrance exams.

About 40 colleges and universities across the country adopted such a policy last year. Some of them witnessed an increase of students from poor, rural areas Zhang said.

The unified tuition fee ranges from 1,000 to 1,500 yuan (\$119 to \$180) per year.

'Happiness Project' Launched To Help Poor Mothers

OW2802154895 Beijing XINHUA in English 1106 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—A project aimed at helping poor mothers was launched here today.

The "Happiness Project", jointly sponsored by the China Population Welfare Foundation, Family Planning Association of China and "China Population News", is aimed at helping mothers in China's poverty-stricken areas escape from poverty and establish happy families, said an official from the project organizing committee.

According to the official, through collecting donations inside and outside China, the project will help poor mothers participate in social and economic development and improve their educational and health level.

China still has some 80 million people in 20 million families without enough to eat or wear. "Mothers in poverty-stricken areas need the whole of society's care and help. This will be a crucial factor for solving the problems of population and development in the poor areas," said State Councillor Peng Peiyun at an opening ceremony held here for the project today.

The "Happiness Project" will use the raised funds to provide poor mothers with loans to develop household sideline production and establish collective economic entities. The funds will also be used to set up schools at the village level and provide poor mothers with health care and family planning services. Those aided will be mothers whose incomes are lower than the local average.

A company in Tianjin, one of the three municipalities in China, donated one million yuan (about 119,000 U.S. dollars) for the project here today.

Science & Technology

Song Jian on Boosting Primary Productive Force

HK2702073495 Beijing RENMIN RIBAO in Chinese 7 Feb 95 p 5

[Article by Song Jian (1345 0256) from the "Grasping Great Development in Science and Technology To Boost

Greater Economic Prosperity" column: "Struggle for the New Liberation and Great Development of the Primary Productive Force—Writing for the 'Grasping Great Development in Science and Technology To Boost Greater Economic Prosperity' Column of RENMIN RIBAO"]

[FBIS Translated Text] Ours is the era of science and technology. The new wave of scientific and technological reform, featuring information technology and biological technology, is pushing the development of human society into a new stage. Every major scientific and technological breakthrough will have an unprecedented, immeasurable, and profound impact on modes of production and the lifestyle of mankind. The economic strength, quality of life, comprehensive national power, and international competitive power of a country or nation, and its position in the world's political and economic structure, all are related to the development and progress of science and technology. All countries—developed or developing—are very much impressed by this great trend, and all of them are adjusting their policies, applying their strategies, and adopting major measures in a bid to speed up the development of science and technology.

In our country, the party and the government have always attached great importance to development of science and technology. Through efforts over the past 40 years or more, we now have built up a science and technology system with a full range of disciplines, and a 25-million-strong scientific and technological research force, of whom 2.3 million people are engaged in research and development work. Our scientists and technologists turn in more than 30,000 major scientific and technological achievements each year, while more than 30,000 patent applications are approved annually. Over the past 10 years or more, in particular, in the wake of the reform of the scientific and technological research system, over 80 percent of the scientific and technological research force has been devoted to the major area of economic construction, and the vast majority of technology-development-oriented research institutes and centers have taken the road of independent development, operating under the market mechanism and serving economic development in various forms.

Thanks to the hard work of the vast number of scientific and technological personnel, more than 5,000 new varieties and crop combinations are available to agriculture. Principal crop varieties have been updated four to six generations nationwide, with each generation resulting in a 10-15 percent increase in the per-unit-area yield of crops.

As far as industry is concerned, we have solved a large number of key, comprehensive technical problems essential to industrial development, have developed a number of industrial equipment packages, have widely applied a large number of advanced scientific and technological

achievements to production, and thus have made essential contributions to accelerating the technological transformation of industry and the construction of major projects.

In the field of hi-tech research, thanks to fruitful research in basic sciences over the past many years, we have achieved great success in such major areas as large program-controlled telephone exchanges, high-efficiency parallel computers, industrial robots, vaccines and medicines developed through biological engineering technology, and functional materials [gong neng cai liao 0501 5174 2624 2436], all of which have broad market prospects, or are likely to become major industrial branches. We also have achieved success in such hi-tech areas as computer integrated manufacturing systems (CIMS) and clean production techniques [qing jie sheng chan ji shu 3237 3381 3932 3934 2111 2611], which may help raise the technological standard of a whole trade. The output value contributed by high- and new-technology industry development zones has reached 58 billion yuan, and there have been more than 50,000 non-government-run science and technology enterprises, employing more than 600,000 people, with both their output value and profits growing at an annual rate of 30-50 percent. All the scientific and technological personnel in this country are striving to develop high technology, and to apply it to industrial production.

To suit the needs of the 21st century, the CPC central authorities have put forward a new, important task: Science and technology as the primary productive force "requires a new liberation and great development," and "science and technology should make more contributions to solving hot-spot issues and knotty problems facing the economy." In this connection, the vast number of Chinese scientists and technologists should closely focus on, and work hard to achieve the strategic goal of developing the economy and invigorating China; give full play to their advantages; tap latent potential; strive for progress along both lines—steadily upgrading and promoting technological innovation; optimizing the existing productive forces; developing strategic industries; and fostering new productive forces; while maintaining the standard of basic research, thus making new and greater contributions to enhancing China's science and technology standards, general national strength, and international competitive power.

First, it is necessary to make science and technology a motive force for achieving the development goals of agriculture and the rural economy. In order to ensure that China's total grain output will reach 500 million metric tons, and the peasants' per-capita income will reach a well-to-do standard; to solve the employment problem so as to accommodate the 170-million-strong labor force in rural areas; and to extricate 80 million peasants from poverty, and to enrich them; it is necessary to vigorously disseminate science and technology to the vast rural areas; develop town and township enterprises; protect the environment; apply the latest biological technology,

together with conventional technology, to the breeding and introduction of a selected group of high-yield, fine-quality crop varieties; popularize scientific farming; and accelerate the development of new types of agriculture chemicals that are highly efficient and low in toxicity; thus ensuring continuous growth in the output of major crops, such as grain, cotton, and cooking oil. It is necessary to promote the study of techniques for the regional development and management of agriculture, thus establishing agricultural technology systems and modern agriculture showcases with regional characteristics. It is necessary to vigorously develop and popularize intensive processing technology for farm products, as well as other advanced, compatible technologies, and through the application of science and technology, to promote in rural areas the development of regional major industries that are related to the exploitation and processing of agricultural resources. It is necessary to continue making efforts to aid impoverished areas with science and technology, and to narrow the gap between the eastern and western parts of the country, thus comprehensively invigorating the rural economy. We must strive to ensure that scientific and technological progress will contribute to agricultural growth to the extent of more than 50 percent by the turn of the century, thus providing solid scientific and technological support for the development of "high-yield, high-efficiency, and fine-quality" agriculture, as well as a scientific and technological guarantee for the achievement of all the development targets of agriculture and of well-to-do living standards for all the peasants across the country.

Second, it is necessary to vigorously enhance the technical level of industry. We will encourage scientific research institutes and centers to cooperate with large and medium-sized enterprises in various forms, or to join enterprises or enterprise groups to jointly run technological development and research projects, introduce and assimilate technology, or run technological transformation projects; speed up our pace in transforming military technology into civil technology, and in reforming conventional industries with high and new technology; enhance our industrial manufacturing technical level; reduce energy and material consumption; update the variety of major products; further upgrade the overall technological standards of industry; expedite the establishment of the technological innovation mechanism of enterprises; and thus substantially enhance the quality, technological content, market competition power, and export marketability of industrial products.

Third, it is necessary to vigorously develop industries that are supported by high and new technology, as this is a crucial process for our country to undergo in achieving its new strategic goal. The labor productivity of hi-tech industries is more than 10 times higher than that of conventional industries, and their efficiency and returns are 100 times higher than those of the natural economy and handicraft industries. Developing hi-tech industries is the only way to accelerate the development of productive forces, increase comprehensive national power, and

improve the people's living standards. We must speed up our pace in applying and popularizing hi-tech items that have been produced by such high- and new-technology research and development projects as the "863 Project," and that are up to the world's advanced standards and have broad market prospects. It is necessary to apply these hi-tech items to industrial production as soon as possible. We must work hard to make national high- and new-technology industry development zones a success, and must support, on a selective basis, a number of high- and new-technology enterprises and enterprise groups that are likely to turn in an annual output value of more than 1 billion, or even 10 billion yuan each by the turn of the century. We also are to develop in each development zone several high-quality products and pillar industries that are operating on a certain economic scale and have a considerable market share.

Fourth, it is necessary to run properly a number of major basic research and hi-tech research projects, scale new heights in the field of science and technology, and prepare a few sites for promoting new industries in the 21st century. According to the principle of "catching up with advanced standards in certain fields while giving up others," we are to selectively launch some major science and technology projects related to vanguard industries that are likely to boom in the next century and that our country has fairly great potential to develop, such as micrometer and nanometer technology, the optoelectronics technology, the biological pharmaceutical industry, information technology, and the functional materials industry. We will concentrate our resources on some major projects, thus laying a foundation for the development of pillar industries and industry categories.

Fifth, we are to step up the development of science and technology in the realm of social development. We will continue to properly implement the "21st Century Agenda for China"; carry out research on some major topics of science and technology in such areas of social development as population, environment, resources, and public health; vigorously develop those industries related to areas of social development, such as the new medicine industry, environmental protection, and housing; and vigorously study and develop industries that are conducive to environmental protection; thus ensuring sustained development.

Sixth, we are to carry out reform of the scientific and technological research system in further depth, and in accordance with the scientific, technological, and economic development strategy striding over the turn of the century. By the turn of the century, we will basically have established a new structure that closely integrates science and technology with the economy, suits the socialist market economy, and accords with the laws of development of science and technology itself, as well as with the laws of operation of the market economy. As far as the organizational structure is concerned, we will build up a

modern research and development system with an optimized organizational structure, which is rationally distributed in terms of both geographical location and academic level, and which is streamlined and highly efficient.

As far as the operational mechanism is concerned, we are to develop a scientific research mechanism characterized by openness, flow of personnel, competition, and cooperation, as well as a mechanism for the transfer of scientific and technological achievements which is full of vitality and vigor, and characterized by perfect integration of the market economy and technical innovation. We are to establish a modern system for scientific and technological research institutes and centers, and a modern scientific and technological enterprise system; carry out a qualified personnel training project that strides over the turn of the century; and develop an echelon of professionals who are large in number and good in quality, and who will serve the country beyond the turn of the century. We also are to establish an administrative structure for scientific and technological personnel operating in a centralized and coordinated manner, in accordance with the principles of streamlining, centralization, and efficiency, and we are to improve our system of policies toward science and technology, as well as the related legal system. For a period in the future, the central task of in-depth reform is to expedite the restructuring of scientific and technological research organizations according to the principle of "keeping some major organizations stable while lifting restrictions on others"; to reallocate scientific and technological personnel; to change the operational mechanism; to substantially change the situation in which duplicative scientific and technological research institutes operate side by side, and scientific and technological personnel are dispersed; and to achieve the optimal combination and rational deployment of scientific and technological research resources; thus accomplishing the reform goal for integration of science and technology with the economy.

Seventh, it is necessary to further open up the field of science and technology to the outside world, and to explore new frontiers in international cooperation in the scientific and technological, and economic fields. We must keep closely abreast of the needs of economic, and scientific-technological development in China; persistently run scientific and technological research within the context of the great international environment; and promote international scientific and technological cooperation and exchanges in various forms: bilateral, multilateral, governmental, or non-governmental. We will continue to promote the integration of technology and trade, authorizing a greater number of qualified scientific research institutes, universities and colleges, and high- and new-technology enterprises to run foreign trade. We will encourage foreign trade enterprises and scientific research institutes to work together to develop export-oriented industries and foreign trade enterprise groups, build high- and new-technology industry development

zones into our country's hi-tech product export bases, and adopt all effective measures to promote the export of high- and new-technology products and equipment packages.

Developing science and technology is a historic mission of the Chinese nation, and it requires the aggressive efforts of our scientific and technological personnel, as well as the full support and involvement of the entire nation. Nowadays, under the guidance of the party's basic line and Comrade Deng Xiaoping's theory of establishing socialism with Chinese characteristics, we Chinese are upholding the great strategic idea that "science and technology are the primary productive force," and are striving for the prosperity and progress of science and technology. We Chinese are bound to achieve a new, great leap forward of the productive forces of society, and realize the long-cherished wish of "invigorating the Chinese nation with science and technology," for which many of our noble-minded predecessors have been striving for the past one and a half centuries.

Communications Research Center Established in Shanghai

OW0103114995 Beijing XINHUA in English 0950
GMT 1 Mar 95

[FBIS Transcribed Text] Shanghai, March 1 (XINHUA)—An advanced communications center was jointly established by an enterprise and a university in Shanghai yesterday.

The Guo Mai-Fudan Research Center, jointly established by the Shanghai Guo Mai Communications Co. Ltd and Fudan University, plans to keep up with the latest world scientific and technological developments by using the economic strength of Guo Mai and the know-how of Fudan.

Guo Mai, which has total assets of one billion yuan, will spend one five-thousandth of its sales volume on communications research. In addition, it will help Fudan establish a communications laboratory.

Beijing Develops Telephone System

OW0103013195 Beijing XINHUA in English 0037
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—The Chinese capital of Beijing has invested one billion yuan (118 U.S. dollars) in updating its telecommunications system in the past few years.

According to municipal officials, last year the city added 700,000 telephone lines, to increase the total to 1.75 million.

Now, 28 percent of the total residents of Beijing have access to telephones, leading all the cities in the country.

International long-distance telephone services are available linking Beijing with over 200 countries and regions worldwide.

Local officials said that by the year 2,000 the city is expected to have 4.5-5 million telephone lines, catering to 42 percent of the residents.

Guangdong TV To Start Satellite Broadcasts

HK2802115595 Beijing ZHONGGUO XINWEN SHE
in Chinese 1235 GMT 25 Feb 95

[FBIS Translated Text] Guangzhou, 25 Feb (ZHONGGUO XINWEN SHE)—Yu Youjun, head of the Propaganda Department of the Guangdong CPC Committee, said that the province's television programs will be broadcast for the first time by satellite this year. The news was disclosed by Yu Youjun at the provincial meeting of the chiefs responsible for propaganda work held here.

Yu said that Guangdong should step up the building of satellite ground stations, earnestly do well all kinds of preparatory work, and particularly provide rich and varied, quality television programs.

Shandong Using Technology to Develop Telecommunications

OW2802033595 Beijing XINHUA in English 0318
GMT 28 Feb 95

[FBIS Transcribed Text] Jinan, February 28 (XINHUA)—East China's Shandong Province is developing telecommunications with advanced technology to pave the way for rapid economic growth.

Shandong plans to form a long-distance transmission network by means of optic-fiber cable, digital microwave and satellite communications by the end of this century.

It is expected to increase the capacity of its telephone exchanges to 7.2 million lines, and the number of telephones will reach 35 per each 100 people during this period.

Shandong's telecommunications have burgeoned in recent years.

In 1992 all its prefectural cities were equipped with advanced program-controlled telephones, and its counties with automatic telephone systems.

The province invested 6.5 billion yuan in expanding telecommunications in the 1993-1994 period, adding 980,000 lines to 0 its telephone exchange capacity and bringing the total to 2.65 million lines. It also increased the length of its trunk optic-fiber cables by 1,510 km to the present 3,238 km.

Aircraft Institute Develops Ultra-Light Aircraft

HK2802063895 Xian SHAANXI RIBAO in Chinese 26
Jan 95 p 1

[By Lei Biao (7191 7374): "Institute 603 Designs and Develops Ultra-light Aircraft"]

[FBIS Translated Text] Exploiting its technological advantages and following a year's efforts, Aircraft Institute No. 603 has come up with an airplane of its own design and development, the Eaglet [Xiaoying—1420 7751] 100, an ultra-light, two-seat aircraft with a dual-pilot system. Its first test flight, on 25 January at the Yanliang Airport, was a success.

According to experts, ultra-light aircraft were an offshoot of the aircraft family tree in the mid-1970's, and a result of the popularization of sophisticated aeronautic technologies.

This ultra-light airplane, designed and made by Aircraft Institute No. 603, is tangerine in color. Its fuselage is 5,510 mm long, and is shaped like an eaglet poised to take off. Its wings are truss high-wing monoplane, swept-back in shape, and span 9,750 mm when fully spread. Its maximum take-off weight is 338.5 kg, its maximum level speed is 110 km/h, its maximum altitude is 3,000 m, its range is 161 km, and its endurance is 2 hours and 15 minutes. It requires a short takeoff and landing range, and can take off and land on dirt runways or grasslands.

The airplane is light, safe, and easily maneuverable, and it has few operational requirements. It is suitable for air sports activities, aviation training, aerial photography and shooting, advertisements, agricultural and animal husbandry operations, prospecting, and tourism purposes.

Electronics Minister Inspects Guangdong Plant

HK0103103295 Guangzhou YANGCHENG WANBAO in Chinese 9 Feb 95 p 2

[By Ji Mu (0679 3092): "When Inspecting the Guangdong Color Kinescope Plant in Dongguan, Electronics Industry Minister Hu Qili Urges the Development of National Industry"]

[FBIS Translated Text] When inspecting Guangdong Color Kinescope Ltd. on 6 February, Hu Qili, who was accompanied by leaders of Dongguan, encouraged the workers to "introduce, digest, and assimilate foreign things, create new things, and go our own way."

After the inspection, Hu Qili said joyfully: In as little as one or two years, Guangdong Color Kinescope Ltd. has developed itself into this large-scale company capable of producing first-class products. This is an extraordinary miracle, which displays the spirit of the Dongguan people. I have also been greatly inspired by them. He also fully affirmed the technological transformation now under way in the company. He pointed out: In the development of enterprises, we must continue to "introduce, digest, and assimilate foreign things, create new things, and go our own way." Otherwise, if we merely rely on introducing foreign things to the neglect of technological transformation and development, we Chinese people can only be "exploited laborers" forever. With great pleasure he continued: You have already begun to transform some of your equipment and are not

mechanically copying things foreign. That is very good. It will not do if we do not develop our national industry. Although there are difficulties at present, the situation will be improved eventually.

XINHUA Establishes Electronic Information Network

SK2702035495 Beijing XINHUA Domestic Service in Chinese 2122 GMT 25 Feb 95

[FBIS Translated Text] Beijing, 25 February (XINHUA)—Through efforts made over the past few years, the Xinhua News Agency has built an electronic information network linking up its head office with its branch offices both at home and abroad at the beginning of this year by fully utilizing its technical network and its strong points in information resources and by actively developing economic information undertakings with Chinese characteristics. It has also formally put the network into operation at the same time.

The Xinhua News Agency put forward early in 1993 the guideline of unified information business in order to bring into full play the overall strong points possessed by its head office and its branch offices both at home and abroad in conducting news coverage and dissemination and in order to better render services for the consumers of economic information. At the recent work forum on electronic information, it also put forward the demands for meeting the needs of markets and for vigorously developing electronic information. The technical and communication network recently built by the agency includes the following four major parts: The main international high-speed data communication network, the multiple-business satellite data communication network, the wide-range computer network, and the multiple information data base. The special international data communication network may link the head office of XINHUA with the branch offices in Hong Kong, New York, Paris, Washington, Mexico, London, Cairo, and Nairobi. It also may rapidly transmit and relay the Chinese economic information with both Chinese and foreign languages. The multiple-business satellite data communication network and its auxiliary system, the wide-range computer network, have realized high speed data communication between its head office and branch ones both at home and abroad. Its transmission speed may reach 1,500 Chinese characters per second. The agency has also equipped its 15 data bases of journalist and information materials with the electronic system. Only by having a phone call can consumers connect their computer with the network and check along the data.

In order to meet the demand for developing information undertakings, the Xinhua News Agency has turned out 26 categories of electronic information products that include 16 major categories in the light industry, household electric appliances, textile and garment, medical, chemical industry, grain-and-oil-bearing-seed foodstuffs, agriculture, communications and ports, electric machinery, auto, metal, energy resources, construction

and building materials, real estate, economic relation and trade, and banking; as well as the seven categories of transprofessional macro information and of micro practical information, such as domestic and foreign macro information, domestic and foreign banking quotations, domestic and foreign market quotations, domestic commodity supply and demand, overseas commodity supply and demand, domestic and foreign new products and technologies, and domestic and foreign investments and cooperation opportunities.

Editor Writes on Last Edition of Column

HK2702073295 Beijing RENMIN RIBAO in Chinese 7 Feb 95 p 5

["Editor's note" from the "Grasping Great Development in Science and Technology To Boost Greater Economic Prosperity" column]

[FBIS Translated Text] Today this newspaper carries articles by Comrade Song Jian and others under the special column "Grasping Great Development in Science and Technology To Boost Greater Economic Prosperity." In his article, Comrade Song Jian sums up some important issues raised during the current round of discussion, and puts forward his own views. Therefore his article can be treated as a conclusion of this special column.

Over more than two months, we have released more than 20 issues of the column, carrying articles by more than 30 authors, including Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat; Lu Jiaxi, vice chairman of the National People's Congress Standing Committee; Zhu Guangya, vice chairman of the Chinese People's Political Consultative Conference National Committee, chairman of the China Association for Science and Technology, and president of the China Academy of Engineering; Ding Henggao, minister of the State Commission of Science, Technology, and Industry for National Defense; Zhou Guangzhao, president of the Chinese Academy of Sciences; Zhu Lilan, vice minister of the State Science and Technology Commission; He Zuoxiu, Wang Xuan, Zhao Yufen, and Zhao Zhongxian, fellows of the Chinese Academy of Sciences; Huang Xiaoming, general manager of the China Computer Software Corporation; and other leading figures and experts in related fields. We would like to take this opportunity to express our heartfelt thanks to them!

The authors contributing to the discussion have presented many valuable opinions and suggestions on a series of major issues, such as the reform of China's scientific and technological research system; the development of science and technology; the policy toward hi-tech industries; the relationship between the economy, and science and technology; and the protection of intellectual property rights. All these opinions and suggestions will be of great use for the broad masses of people to acquire a deeper understanding of issues

related to science and technology, as well as the economy, and also will be very useful to decision-making departments in perfecting the management of scientific and technological research.

Therefore, we believe that this discussion has reached its principal targets.

Owing to the limited space available, many letters and articles we have received from our readers could not be published. We hereby extend our apologies to them.

Although we now have come to the last issue of this special column, the discussion on the ways to develop science and technology in China will continue. We will continue to work together with everyone to carry on this arduous and glorious task, and to strive for a new emancipation and for the great development of science and technology in China.

Role of Science, Technology for Defense Viewed

HK2702074095 Beijing RENMIN RIBAO in Chinese 7 Feb 95 p 5

[Article by Guo Guirong (6753 2710 5554), president of the University of Science and Technology for National Defense, from the "Grasping Great Development in Science and Technology To Boost Greater Economic Prosperity" column: "Develop Science and Technology for National Defense, Serve Economic Construction"]

[FBIS Translated Text] National defense has always been an area that highlights a country's hi-tech achievements. Science and technology has been developing by leaps and bounds since the mid-20th century, which in turn has provided a strong motive force to push forward the modernization of national defense, and the economy as well.

Ours is a developing country, and its overall scientific and technological development standard is relatively low. For the time being, we cannot inject as much human, material, and financial resources into the development of science and technology for national defense as some developed countries do. However, we have our own advantages. As long as our people can realize the importance of science and technology as the primary productive force, and can formulate a realistic and feasible development strategy in light of the real circumstances, we surely will be able to accelerate the development of science and technology for national defense, increase our country's comprehensive national strength, and enable the Chinese nation to stand proudly among other nations of the world. In the field of science and technology for national defense at present, we need to pay attention to the following issues:

It is necessary to take a leading position, and to be geared to real needs. The development of science and technology is not a gradual, fully planned, stage-by-stage process. Instead it usually advances by leaps and bounds. Therefore, to discover research topics in science and

technology for national defense, and to produce high-standard achievements, an important prerequisite is that we must take a leading position in the forefront of the development of a specific discipline, and carry out scientific research in light of the needs of national construction and army development, as well as the current development of science and technology.

During the initial period after the founding of the PRC, our country's economic, scientific, and technological strength was pretty weak. Normally, a country like ours at that time was not qualified to develop either atomic bombs or astronautics technology. However, for the sake of national interests, the state concentrated some human and material resources on these vanguard areas of high technology. Very soon we achieved success in the test explosion of our first atomic bomb in the mid 1960's. Our country also made quite an early breakthrough in the development of astronautics technology.

Our school has always upheld the principle that the selection of research topics must suit the imminent needs of the development of science and technology for national defense, as well as the national economy. Technologically, our aim is to keep up with the vanguard development of a discipline. Scientists and technologists are instructed to go down to research bases of the State Commission of Science, Technology, and Industry for National Defense; to units of all arms and services; to all sectors of the defense industry; and to related enterprises, institutes, and colleges; so as to carry out surveys and research there, and to discover possible topics for scientific research. Since 1978, our school has completed more than 2,100 scientific research projects in different areas, of which more than 1,000 have won awards for scientific research from the state, the Army, and provincial departments, and many are up to national or international advanced standards.

It is necessary to keep up our technology reserve and strength. Doing research in advance is an important way to keep up our country's scientific and technological strength, and to retain a full technological reserve. Therefore it is necessary to consider from a strategic point of view the arrangement of research projects in science and technology for national defense, and attention must be paid to anticipatory research.

Our school has always laid stress on the need for keeping up with the world's advanced standards and the importance of preliminary research. We have always tried to intensify our basic research in applied sciences as an important part of scientific research work, organized our scientists and technologists to conduct systematic analyses and research of developed countries' technological developments and their applications in related fields, and encouraged them to go down to departments concerned to keep abreast of the latest developments in national defense and economic construction. Based on such information, we have set our research targets with a view to keeping up with the world's advanced standards.

In recent years, our school has completed a series of major research projects, including the development of the Yinhe [Milky Way] I and II super-large-sized computers, the laser gyro [ji guang tuo luo 3423 0342 7094 5828], automatic target-spotting by radars on vessels, silicon-carbide fiber, and dynamic testing and accuracy control of precision machine tools. In accomplishing these projects, we not only have been keeping up with the vanguard development of science in the world, but also have fulfilled the needs arising from the constant development of national construction and of science and technology. At the same time, we also have effectively refilled our technological reserve, kept up our school's scientific research capability, and ensured the momentum of scientific research in our school.

The development of science and technology for national defense first of all must be submitted to the needs of economic construction. At present, our country's central task is to develop our productive forces and to invigorate our national economy. The goal, strategy, measures, and approach for the development of science and technology for national defense all must serve economic development, and all consideration must be based on the actual needs and possibilities of economic construction, while the focus—throughout the whole process, from the selection of topics for scientific research to the supply of human, financial, and material resources—always must be on economic construction as the core. At the same time, the advanced nature of science and technology for national defense makes it largely possible for us to apply scientific and technological achievements in this area to economic construction. Also, such scientific and technological achievements not only can serve national defense, but also can serve the national economy and the people's livelihood, bringing enormous economic returns and social benefits to both the state and the people. Therefore, science and technology for national defense must suit the needs of both the state and society. A great deal of historical fact has shown that science and technology for national defense and economic construction can help each other forward and develop side by side. While economic construction provides a solid foundation and broad vistas for the development of science and technology for national defense, every major breakthrough in science and technology for national defense, in turn, may extensively benefit economic construction, promoting the development of the national economy and the progress of society as a whole.

Military & Public Security

Paper Studies Significance of Liu Huaqing Visit

HK2802020695 Hong Kong LIEN HO PAO in Chinese
15 Feb 95 p 11

[Article by Yun Shang-feng (0061 0006 7364): "Liu Huaqing's Southern Visit Unusual"]

[FBIS Translated Text] Liu Huaqing, member of the Standing Committee of the CPC Central Committee

Political Bureau and vice chairman of the Central Military Commission (CMC), recently made an unusual visit to Hainan and Guangdong, where he stayed for two weeks. During this period, he inspected the three armed services. He also visited the special economic zones, speaking highly of the development there.

Liu arrived in Hainan on the eve of the Lunar New Year and stayed until the first day of the Lunar New Year, when he left for Shenzhen and Guangzhou, where he spent five days.

The other CMC vice chairman is Zhang Zhen, but Liu is younger and much healthier, so in the past, Liu has assumed heavier duties in taking charge of the CMC. CMC vice chairmen usually have to take turns on duty in Beijing, and have few chances to go elsewhere. So two interpretations can be put on Liu's two-week trip to south China: 1) He had something important to do; 2) Part of his job has been given to other people, which makes it unnecessary for him to remain in Beijing all year round.

In 1994, Liu left Beijing on three occasions, going to Shanghai to look in on Deng Xiaoping during the winter, accompanying Deng to Shandong in the summer, and going to Zhejiang to watch the war exercise in the fall.

Judging by the present situation, Liu and Zhang's power and influence in the armed forces remain intact. In the sensitive post-Deng period, however, the armed forces' role and moves will attract widespread attention, especially each and every move by Liu and Zhang, who are among the few veteran servicemen remaining alive.

Liu, 79, was Deng Xiaoping's former subordinate. When reinstated, Deng assumed office as chief of general staff and picked Liu as his assistant. Liu later was appointed PLA Navy commander, and then promoted to a CMC leadership position.

It appears that Liu made a trip to Hainan and Guangdong to make preparations for big events while taking a rest.

The first big event concerns the Spratly Islands problem. Hainan is very close to the Spratly Islands, over which China has been wrangling with the Philippines and Vietnam over the past few years. Although the Chinese side has proposed shelving the dispute and tapping the islands jointly, military deployment is indispensable. As a CMC vice chairman taking charge of defense, Liu naturally had to go there in person to inspect the military deployment.

The second big event concerns the military. Following the enlarged CMC meeting, the leading bodies under the South China Sea Fleet and the Guangzhou Military Region were reshuffled. Although Zhang Zhen was charged with taking care of the deployment of cadres, Liu, as Political Bureau Standing Committee member

and CMC senior vice chairman, would consider it necessary for him to keep personal tabs on military leaders in south China, who play a very important role.

While in Hainan and Guangdong, apart from inspecting the three armed services, Liu made a special inspection tour of special economic zones. He gave a high appraisal of the achievements made by Guangdong and Hainan in reform, and stressed the need to firmly follow Deng Xiaoping's instructions. After listening to the work reports made by leading members of the Guangdong Provincial CPC Committee, the Shenzhen City CPC Committee, and the Hainan Provincial CPC Committee, Liu praised Guangdong for its marked achievements in implementing the reform and open policy formulated by Deng Xiaoping. His words and moves are by no means insignificant.

Article Views Increases in Military Expenditure

HK2302053895 Hong Kong MING PAO in Chinese 11 Feb 95 p A2

[By special correspondent Chou Chi (0719 5347): "China's Military Spending Increases 20 Percent To Offset Inflation"]

[FBIS Translated Text] According to the calculations of experts from authoritative departments in China, China's actual 1994 defense expenditure amounted to 54.5 billion yuan, up 27 percent over the previous year, and in 1995 the figure will expand by 20.06 percent to 65.7 billion yuan. The continued increase in military expenditure is mainly to keep pace with price rises and to increase the wages of People's Liberation Army (PLA) men, who have greater living expenses to meet.

A source pointed out that according to the 1994 state budget, defense spending should have been 52.04 billion yuan, up 20 percent over 1993, but it actually amounted to 54.5 billion, 10 percentage points more than the budgetary figure. The extra expenditure was used partly to increase servicemen's wages and partly to update military equipment.

The 1995 military expenditure will increase by another 20 percent. The source said China's military spending has been on the low side. From 1990 to 1993, the average annual growth rate of defense expenditure was 14.2 percent, one percentage point lower than the growth rate of financial revenue and expenditure for the same period. The proportion of defense expenditure in financial expenditure declined by 0.2 percentage points. The source maintained that with the increase in prices, it was necessary to increase military expenditure appropriately.

The National People's Congress session held in March 1994 decided to increase the same year's military expenditure by 27 percent. The decision aroused strong repercussions from countries in Southeast Asia. The United States also pointed out that a big increase in China's military expenditure would result in another round of the arms race in Southeast Asia and create tension there.

Since there are reports that Russia will soon deliver four submarines to China and that the Philippines are wrangling with China over sovereignty over the Spratly Islands, the fear of an increase in China's military expenditure recently spread all over the region. But the accompanying Table One shows there is a big gap between China and the advanced countries in terms of military spending.

The 1994 figures reveal that the United States, Russia, France, and Japan had higher military budgets than China's actual military expenditure, while the figures in Table Two indicate that the growth rate of China's military expenditure has in fact been very close to the inflation rate.

But some experts point out that though the growth rate of China's military spending in proportion to its GNP has been no more than 2 percent, the actual money spent on defense is without comparison in Southeast Asia because of its huge population. That is why the increased military expenditure causes concern in the region.

The source explained to this reporter that the defense budget was in fact far from enough to buy equipment and weaponry. As a result, the troops have developed a "financial sense." Some Army units have joined hands with local units in opening settlement centers to provide financing services [zhi zai rong zi di fu wu jie shuan zhong xin 2482 0961 5816 6327 4104 2591 0523 0022 1800]. Over the last few years they have raised over 1 billion yuan, playing the role of a "reservoir" in helping the PLA solve difficulties in capital turnover.

In addition, the PLA General Logistics Department has also tried hard to cut expenditure. The department has set up a number of war materials supply centers which supply materials worth 2 billion yuan for the troops every year. It would waste about 100 million yuan if these materials were bought in the market.

Since the PLA troops have succeeded in opening up new sources of finance they have been able to increase their strength and to rapidly update their equipment. According to a report, by early next century the Army will increase the striking power of its existing intercontinental ballistic missiles threefold so that the missiles will be suitable for multiple warheads and solid propellant ignition [shi he duo dan tou he gu ti tui jin ji di ran shao 6624 0678 1122 1734 7333 0735 0942 7555 2236 6651 0495 4104 3595 3599] and can be located in ground-launching silos [fang zhi yu di mian shang di fa she jing 2397 4999 2456 0966 7240 0006 4104 4099 1410 0064]. The medium-range missiles will also be constantly updated.

To stabilize soldiers' morale, men and officers receive higher payment than civil servants at the same level. The runaway inflation over the last few years and higher room charges brought about by housing reform and the rebuilding of barracks reduced the living standards of servicemen to the lower middle level. So if the state's

financial position improves, military spending should go up. This is why military expenditure has kept rising over the last few years.

China's Military Expenditure as Compared With That of Other Industrial Powers (1994) (Table One)

Country	Total increase (100 MIPan)	Comparison With 1993 (%)	As a Proportion of GNP (%)	Military Spending Per Capita
United States	2,610	-0.79	5.5	600
Russia	202	unknown	unknown	68.9
UK	373	-2.94	4.2	654
France	366	-2	3.27	631
Japan	450	+1.95	unknown	362.9
China	64.6	+27	1.58	5.38

China's Defense Expenditure Over the Last Few Years (Table Two)

Year	Absolute Figure (100 million yuan)	Expenditure Growth (%)	As a Proportion of GNP (%)	Military Spending Per Capita (yuan)
1990	290.31	15.44	1.63	25.39
1991	330.31	13.77	1.7	28.52
1992	377.86	14.40	1.5	32.26
1993	425.80	12.68	1.3	35.93
1994 (estimated)	545	27.00	1.58	45.41
1995 (estimated)	657	20.06	unknown	unknown

New Ordnance Simulation Center Operational

OW2702155395 Beijing XINHUA Domestic Service in Chinese 0407 GMT 24 Feb 95

[By reporter Wang Shihuan (3769 0013 3562)]

[FBIS Translated Text] Xian, 24 Feb (XINHUA)—An ordnance simulation center passed the China Ordnance Corporation's technical approval in Xian on 23 February. This is another large simulation center for China following the completion of the Beijing simulation center.

Simulation technology is one of world's ten frontier technologies today, which is an advanced means for the military and civil sectors to develop high-technological products and for systems engineering research, and a high technological field that many countries are scrambling to develop.

The ordnance simulation center is one of the state's key construction projects. The China Ordnance Industry's

203 Research Institute was charged with the construction of the ordnance simulation center. At the center, not only can experiments and research into mathematical simulation of military systems, weapons systems, and of quasi-material [ban shi wu 0584 1395 3670] objects be conducted, simulation experiments and research into the areas of power, aeronautics, and transportation can also be conducted.

Sichuan Military Region Begins Cadre Swap

HK2802114495 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 24 Feb 95

[FBIS Translated Text] On 10 February, the Chengdu Military Region started a transfer training program of military cadres at the divisional and regimental levels of the troops stationed in the interior areas and the troops under the Tibet Military District. Region Commander Kui Fulin and Political Commissar Zhang Zhijian personally sent off the first batch of personnel selected to participate in the program and issued instructions to encourage them to accomplish something significant.

Jia Jing Zemin said: The strategic move to carry out the transfer training program of leading cadres in the interior and highland areas in a planned way will help exchange cadres' style of thinking and traditions, improve the whole quality of the contingent of cadres at the divisional and regimental levels, and invigorate leading bodies. [passage indistinct]

Jilin Official Comments on Social Stability

SK2802083095 Changchun JILIN RIBAO in Chinese 13 Feb 95 pp 1, 3

[By Li Yong (2621 0516): "Give Full Play to the Functional Role and Actually Safeguard Social Stability"]

[FBIS Translated Text] At the provincial meeting of section chiefs of the provincial public security bureau, that ended on 11 February, Wang Jinshan, deputy secretary of the provincial party committee, stressed: Party committees at all levels must fully understand the important position and role of public security work in fulfilling the general task for the whole party and the whole country and then actually strengthen leadership over this work. Public security organs at all levels must pay attention to the work in relation to safeguarding social stability, must guarantee and promote the smooth progress of reform, opening up, and economic construction, and must consciously submit themselves to the general task for the whole party and the whole country.

This meeting was held in Changchun on 9 February. The meeting pointed out: This year, the overall demand on public security work is: With the guidelines of the fourth plenary session of the 14th CPC Central Committee and the fourth session of the sixth provincial party committee as the guidance, we should continue to follow the

general task known as "seizing the opportunity, deepening reform, opening wider to the outside world, promoting development, and maintaining stability." Persisting in the central task of safeguarding political and social stability, focusing on combating serious criminal offenses, strengthening control over public security, and positively preventing and appropriately handling all kinds of incidents in relation to the masses, and with the building of the ranks of public security cadres and policemen, the building of the legal system, and the building of basic organs at the grass-roots level as the fundamental guarantee, we should give full play to the functional role of public security organs in safeguarding social stability and should enhance these organs' ability to control public security in order to reverse the confused social order in some localities and check the rapidly rising trend of major criminal cases. Public security organs should also strictly prevent vicious accidents and traffic accidents from happening with a view to creating an even better social environment for raising the province's economy to a new height and for building Jilin into a developed border and coastal province.

Wang Jinshan pointed out in his speech: Over the past year, under the leadership of the party committees and governments at all levels, public security organs throughout the province have continuously deepened the reform of the mechanism for managing the ranks of public security cadres and policemen, have actually strengthened the building of themselves, have made great efforts to improve the quality and fighting capacity of their cadres and policemen, have triumphantly fulfilled the fighting tasks entrusted on them by the party and the people, thus creating a fine social environment for raising the province's economy to a new height and building Jilin into a developed border and coastal province. On behalf of the provincial party committee and the provincial government, Wang Jinshan extended cordial greetings and heartfelt thanks to the comrades on the province's public security front!

Wang Jinshan dwelt on four opinions regarding the province's public security work this year. He pointed out: First, we should obtain a clear understanding of the current situation, enhance our confidence, and consciously serve the general task for the whole party and the whole country. Generally speaking, the province's current situation is very good, characterized with political stability, vigorous economic development, national unity, and social progress. We should fully understand this situation and be more confident and vigorous in work so as to advance on the crest of victory. At the same time, we should also notice that we face both a good situation and a heavy task. In particular, the reform is now precisely at the stage of overall promotion and making breakthroughs in key aspects, and thus the task for safeguarding social stability is extremely arduous. As for the new circumstances, new contradictions, and new characteristics facing the province's public security work, leading comrades of public security organs at all levels should obtain a clear understanding of them,

should profoundly ponder over them in handling the related work, and should make sufficient preparations for them in adopting measures. In line with the demands of the CPC Central Committee and the provincial party committee, leading comrades of public security organs should increase the dynamics of their work, further unify their ideas and understanding, and exploit their functional role to create a harmonious and stable social environment by giving consideration to the overall situation.

Second, we should give prominence to major aspects, strengthen functions, and give full play to the power of public security organs. Wholeheartedly safeguarding political stability remains the most important task and the work focus of public security organs. We should continue to firmly persist in the principle of dealing severe blows to crimes and punish all kinds of serious criminals as severely and promptly as possible. The localities with confused social order should be rectified on a priority basis and should be given a deadline to change their outlook. Meanwhile, ugly social phenomena should be banned resolutely. We should give full play to the role of public security organs as the main force in comprehensively maintaining public security by conscientiously implementing the principle of combining combat with prevention, with focus on the latter, and the principle of curing a disease by looking into both its root cause and symptoms, with a focus on the latter.

Third, we should deepen reform, improve quality, and build up a stiff contingent of public security cadres and policemen. In general, our contingent of public security cadres and policemen is good in general. However, some problems remain in building this contingent. Therefore, it is not only extremely essential but also extremely urgent to strengthen the building of this contingent. Public security organs at all levels should pay attention to safeguarding stability on the one hand, and building the contingent of public security cadres and policemen on the other hand. What should be stressed especially is that public security organs at all levels should regard party building as the key link in building the contingent of public security cadres and policemen and should effectively promote the building of the contingent with party building in order to foster a fine image of the people's policemen.

Wang Jinshan stressed in conclusion: We should pay high attention to public security work, truly handle this work, and further strengthen leadership over this work. Party committees at all levels should earnestly grasp the principles, policies, and work dispositions on public security work made by the central authorities; should make a timely analysis of social order situation; should define work priorities, tasks, and duties in a timely manner in line with local conditions; and should strengthen examination and guidance to public security work. We should positively and actively resolve practical problems for public security organs to ensure the normal and effective operation of public security work and to

make new and even greater contributions to safeguarding political and social stability and to guaranteeing and promoting reform and economic construction throughout the province!

Hainan Gambling House Raid Nets 40 Party Cadres

HK2502063995 Beijing ZHONGGUO XINWEN SHE in English 1214 GMT 24 Feb 95

[FBIS Transcribed Text] Haikou, February 24 (CNS)—The Department of Public Security in Hainan Province destroyed Bailemen Gambling House and arrested 85 people involved in illegal gambling, 40 of which were Party and government cadres. Mortgages including gambling fund of more than RMB [Renminbi] 200,000, cars, gold and silver ornaments, deposit books, credit cards were found.

The gambling house was built by an international club in Hainan in October 1994. It sought exorbitant profits by gathering people to gamble, and used a radio transmitter system to prevent investigation, earning an illegal income of RMB 10 million within 2 months. Operating on a large-scale, Bailemen's large number of staff and heavy presence of guards were rarely seen in public by the province.

At present, the Commission of Discipline Inspection and the Department of Supervision in Hainan Province is now dealing with evidence on this case. The departments concerned have detained 10 people for investigation, and 75 people were taken into custody and imposed a fine.

Henan Vice Governor on Public Security Work

HK2802142895 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 14 Feb 95

[FBIS Translated Excerpt] A provincial public security work meeting closed yesterday. The meeting pointed out the need to focus on building a good contingent this year so as to provide a fine environment for Henan's reform, opening up, and economic construction. During the meeting, provincial party and government leaders including Li Changchun, Song Zhaosu, Li Yinghai, Zhang Zhigang, and Li Zhibin met the participants.

Vice Governor Li Zhibin made a speech at the meeting, saying: All levels of public security institutions must prevent the occurrence of major incidents and problems, so as not to affect the overall situation or undermine stability; take more effective measures to crack down on criminal offenses; step up the crackdown on crimes; and conscientiously resolve prominent problems in social order. In carrying out severe crackdown on crimes, the momentum must be great, the measures must be resolute, the methods must be flexible, and the focus must be conspicuous. In particular, great efforts must be made to crack major cases, seize criminal gangs, and track fugitives. Public security institutions must further reform

and strengthen their management over social order. They strengthen their rules and regulations to stop loopholes and remove hidden danger. They must resolutely eliminate evil phenomena in society, such as pornography, gambling, and drug trafficking. [passage omitted]

Li Zhibin pointed out: Our public security contingent is a good contingent that follows the party's command, dares to fight a hard battle, and can withstand all tests. But at the same time, we must also be aware of the contingent's problems and shortcomings and make up our minds to improve its quality and resolve its problems. We must continue to carry forward public security institutions' fine tradition and style. [passage omitted]

Li Zhibin stressed: All levels of governments must take serious account of public security work, strengthen their organizational leadership, and support public security institutions in lawfully performing their duties, so as to create a fine environment for them to enforce law. In addition, they must also help resolve the practical problems and difficulties of public security institutions, provide a necessary material guarantee for public security work, and constantly improve public security institutions' working conditions. THIS

Yunnan Meeting Discusses Building Militia

HK2802060995 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 13 Feb 95

[FBIS Translated Excerpt] The 1995 Yunnan Provincial CPC Committee's meeting to discuss Army affairs, which was jointly convened by the Yunnan Provincial CPC Committee and the party committee of the Yunnan military district, opened in Kunming yesterday. Under the guidance of the party Central Committee's and the Central Military Commission's policies and principles on the building of reserve forces of national defense in the new period, and of the spirit of the national work meeting on the militia and the reserve service in minority nationality areas, the key agenda of this meeting was to analyze the situation of Yunnan's work on the militia and the reserve service; to examine and implement the guidelines set out by the 1993 provincial meeting for exchanging experience in organizing militiamen to take part in economic construction, as well as the situation of organizing militiamen to take part in economic construction; to sum up the experience, deliberate on measures, and make arrangements for the work so as to advance the building of Yunnan's reserve forces of national defense to a new stage.

Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee and first secretary of the provincial military district party committee, presided over the meeting, and made a speech. He said: Our party's control over, and reliance on the Army is our historical tradition. From 1990 on, it has been Yunnan's practice for the provincial party committee and the party committee of the provincial military district to convene a joint meeting every

year to discuss Army affairs. This system must continue to be upheld in the future. As suggested by the 1993 provincial meeting for exchanging experience in organizing militiamen to take part in economic construction, during the new period, we must run the militia with the focus on economic construction. As proved by results achieved over the past two years, this principle is a correct one, which has brought into effect the militia's organizational, political, and military arrangements. As militiamen are young, vigorous, better educated, and subject to organizational discipline, they will play a very important role in taking part in economic construction activities, and in the comprehensive management of social order.

Governor He Zhiqiang, deputy secretary of the Yunnan Provincial CPC Committee and chairman of the provincial armed forces committee, made a speech at the meeting. He said: In recent years, party committees, governments, military sub-districts, and people's armed departments at all levels have organized militiamen to plunge into the theater of economic construction, and have achieved remarkable results by doing a great deal of fruitful work. Organizing militiamen to take part in economic construction to rid border areas of poverty and backwardness is not only a strategic task of economic construction, but also a political task for stabilizing and consolidating the border. Governments and relevant departments at all levels should place at the top of their agendas the work of organizing militiamen to take part in economic construction, and should include this work in the overall planning for economic development. Relevant departments should act in close coordination, and should create favorable conditions for organizing militiamen to take part in economic construction. In taking part in economic construction, militiamen definitely must choose a field according to local superiorities, be it agriculture, industry, forestry, or commerce, whereas the work of helping the poor must be treated as a key task. It is necessary to give militiamen better scientific guidance so as to ensure the healthy development of their participation in economic construction. This year, we must further deepen readjustment and reform in the work concerning militia and the reserve service, and must accomplish this work in a down-to-earth manner.

At yesterday's meeting, Major General Li Jie, member of the provincial party committee standing committee and political commissar of the provincial military district, analyzed the provincewide situation of organizing militiamen to take part in economic construction over the past year or so, and expressed specific views on work in the next step.

Maj Gen Yao Shuanglong, commander of the provincial military district, summed up the provincewide situation in militia and reserve service work last year, and set out the arrangements for this year's work. [passage omitted]

It is understood that at present, more than 2,700 economic entities in which militiamen are playing a key part

have been set up in Yunnan, creating nearly 300 million yuan of annual output value, and turning over more than 11 million yuan in profits and taxes to the state. [passage omitted]

***Chinese, Russian Police Cooperate in Murder Case**

95P30060A Beijing RENMIN GONGAN BAO in Chinese 9 Feb 95 p 1

[FBIS Summary] At the beginning of this year, public security components in Manzhouli, Inner Mongolia worked with Russian police to investigate a major case involving robbery and murder. In the process, they broke up an international gang composed of seven Heilongjiang peasants that had been in Russia for a long time. On 10 January, four Chinese businessmen and one Russian landlord were murdered by a gang of criminals in Cita, Russia. The gang stole \$3,500 and 5 million rubles from their victims. On 11 January, after receiving a report from the Russian police, Manzhouli public security officers went to Cita to assist in the investigation. By 13 January, the case had been solved.

***Regulation of Explosives Must Be Tightened**

95P30058A Beijing RENMIN GONGAN BAO in Chinese 7 Feb 95 p 1

[FBIS Summary] Over the past few years, the unauthorized flow of explosive materials into society has led to

serious loss of life and property. For example, in retaliation against others, certain persons have used detonator explosives to destroy buildings and valuables or to kill and wound people. The main reasons for this outflow of explosive materials are as follows:

First, the number of units using explosives has increased, while control over explosives has not been strict. Some units focus on production and profit and fail to pay attention to security, which leads to explosives being misappropriated. Second, some units fail to follow regulations pertaining to the requisitioning, use, and return of explosives. Carelessness in documentation allows individuals to acquire unused explosives for their own purposes. Third, certain government departments fail to strictly regulate explosives. They fail to adequately investigate units that produce, store, transport, or use explosives, and the problems they do uncover they fail to solve in a timely manner.

Therefore, governments and public security departments must more thoroughly regulate explosives, implementing the "Regulations for the Management of Civilian-Use Explosives of the People's Republic of China." Individuals and units that fail to follow these regulations must be dealt with severely in accordance with the law, especially those who steal or traffic in explosives, whose use of explosives leads to accidents, or who use explosives to commit crimes. Units that use explosives must handle them in strict accordance with the "Regulations" to avoid outflow, and the requisitioning, use, and return of explosives must be clearly registered and handled in accordance with procedures.

General

Statistics Bureau Predicts 10 Percent Rise in GDP

HK0103073495 Beijing CHINA DAILY in English 1
Mar 95 p 1

[By Wu Yunhe: "10 Percent Rise Predicted For GDP This Year"]

[FBIS Transcribed Text] China's economy will maintain a strong upward momentum this year with the gross domestic product (GDP) expected to rise about 10 percent, a State Statistics Bureau spokesman predicted yesterday.

Speaking at a State Council news conference, the Bureau's Deputy Director General Shao Zongming said the 1995 GDP growth rate may drop by about 1.8 percentage points from 1994.

This year the country's overall economic performance is expected to be healthier than last year, as the government has pledged to take effective measures in tackling problems in agriculture and state-owned firms while curbing inflation.

The current strong inflationary pressure—a major obstacle to economic development—is expected to subside gradually following the government's tight control over the monetary supply.

The continuous control over the financial market will be coupled with in-depth reforms designed to revitalize the ailing state firms and a systematic development of agricultural infrastructure.

Shao said that the bureau's forecast shows that this year the gross fixed assets investment may reach 1,800 billion yuan (\$214.3 billion), a predicted rise of 207.4 billion yuan (\$25 billion) from 1994.

The country's investment in fixed assets mainly covers capital construction projects and technical renovation of enterprises and institutions. It is considered a dual-role factor which not only propels economic growth but may also fuel the market demand and inflation, observers say.

At the State Council's news conference yesterday, Shao released the final version of the Statistical Communiqué of the State Statistics Bureau on the 1994 National Economic and Social Development.

According to the communiqué the central government progressed smoothly in reforms of the country's systems of taxation, finance, foreign exchange and foreign trade last year.

Its strict macroeconomic control, plus a tightened money supply, positively helped the economy avoid becoming overheated last year.

Meanwhile, the government's control did not trigger an abrupt setback on the Chinese financial market, as the country experienced in 1989.

Despite the strong inflationary pressure last year, both urban and rural residents in China saw their living standards improved.

The per capita income of China's urban residents reached 3,179 yuan (\$378.5) last year, up 8.8 percent allowing for an inflationary factor.

The rural people's per capita income also chalked up an increase of 5 percent to reach 1,220 yuan (\$145.2) in 1994 after taking inflation into account.

Though there was an adequate supply of consumer and capital goods on the Chinese market last year, prices continued to rise at a fast pace.

Officials attributed it, mainly, to continued price reforms and the construction boom across the country.

The annual growth of consumer prices in China, which includes the service rate, was 24.1 percent. And retail prices in the country also spiraled at a year-on-year rate of 21.7 percent.

Social Development Statistics for 1994 Released

OW0103074995 Beijing XINHUA in English 0651
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—China made steady progress in its undertakings connected with science, education, culture, public health and sports in 1994, according to statistics released by the State Statistics Bureau here Tuesday [28 February].

By the end of 1994, China had 26.58 million professionals and technicians of all specializations working in state-owned enterprises and institutions, up 2.4 percent over the 1993 figure, the bureau said.

Meanwhile, financial input into scientific and technological activities was on the rise. The expenditure of research institutions, universities and large and medium-sized industrial enterprises on scientific and technological activities in 1994 reached 63 billion yuan (about 7.46 billion U.S. dollars), of which the expenditure on research and development was 22.2 billion yuan, representing an increase of 13.3 percent over the previous year.

In 1994 China achieved 26,000 key scientific and technical research findings. According to the bureau, major scientific achievements were: Automatic operation and processing reached the world front rank; the national computer network was linked with international networks; some 270 new varieties of crops were bred; and locomotives with speeds up to 160 kph and the 4E-type Dongfeng heavy internal-combustion engine were developed. Some 3,537 scientific projects were financed by the National Science Foundation to the tune of 310

million yuan. In 1994 one state-level laboratory, 15 state-level project research centers, six state-level industrial trial bases and 60 state-level industrial technology centers were completed. Organized by the state, some 100 technical development, new-technology popularization and absorption, and industrial experimental projects were completed. The development of 17 major sets of equipment was completed and put into operation after being checked and accepted by experts.

China also made improvements in technical services such as quality inspection, standardization, patent application and weather forecasting. Statistics show that by the end of 1994 there were altogether 3,000 institutions responsible for the inspection and supervision of the quality of manufactured products, of which 234 were national centers. A total of 1,414 state standards were formulated or revised. In the same year 78,000 patent applications were accepted, of which 43,000 were authorized. The year 1994 also saw the establishment of 1,894 super-shortwave transmission stations brought into operation for weather forecasting. Some 67,761 maps of various scales were produced by mapping departments, and 893 kinds of maps were published, according to the bureau.

Markets for the transfer of technology became more active in 1994. A total of 212,000 contracts for the transfer of technology were signed, involving a transaction value of 22.88 billion yuan.

Educational undertakings also progressed. In 1994 the enrollment of new students was 51,000, or 9,000 more than in 1993, and the total number of students taking graduate courses was 128,000, or an increase of 21,000. Institutions of higher learning took in 900,000 new undergraduates, a drop of 2.6 percent, and the total number of enrolled undergraduates was 2.799 million or 264,000 more than in the previous year.

Meanwhile, China has made new progress in implementation of the nine-year compulsory education program. In 1994 there were 43.17 million pupils in junior secondary schools and 130 million pupils in primary schools. The enrollment rate of primary-school-age children was 98.4 percent, and the proportion of primary school graduates rose from the previous year's 81.8 percent to 86.6 percent in 1994. The drop-out rate of students in junior secondary schools and in primary schools was 5.11 percent and 1.85 percent, respectively. The conditions of junior and primary schools continued to improve.

Fast growth was registered in adult education, too, with all kinds of technical training courses forging rapidly ahead. In 1994 institutions of adult higher education took in 1.017 million new students, up 17.9 percent, bringing the enrollment to 2.352 million, up 26.3 percent. A total of 4.862 million people completed basic literacy courses in 1994.

Statistics also indicate that culture and art undertakings made steady progress. By the end of 1994 there were

2,681 artistic-performance groups, 2,875 cultural centers, 2,597 public libraries, 1,140 museums, 3,585 archives, 1,108 broadcasting stations, 748 medium- and short-wave radio transmitting and relaying stations, and 764 television stations. The coverage rate of radio transmitting and relaying was 77.4 percent, and that for television transmitting and relaying was 83.3 percent.

There were 109,000 film projection units throughout China. In the same year China produced 148 feature films and distributed 213 new (long) movies. Sixteen Chinese movies awarded prizes at international film festivals. Issues of national and provincial newspapers came to 18.67 billion copies; magazines, 2.25 billion copies; and books, 5.93 billion copies.

Public health undertakings continued to improve. By the end of 1994 there were 2.832 million hospital beds in the country, up 1.3 percent over the figure at the end of 1993; 4.199 million full-time health workers, up two percent, of whom 1.822 million were doctors (including 1.425 million senior doctors of traditional Chinese medicine and of Western medicine), up 2.8 percent; and 1.094 million nurses, up 3.6 percent.

As for sports, in 1994 Chinese athletes won 79 world championships. Twenty-six athletes and four teams broke 41 world records on 72 occasions; 24 athletes and five teams broke 37 Asian records on 44 occasions; and 73 athletes and 21 teams broke 89 national records on 131 occasions. At the 12th Asian Games Chinese athletes took the lead in gold medals. Under the guidance of the national health program, about 87 percent of all students met the requirements of the National Standards for Physical Education.

High Industrial Growth Rate Reported for 1994

OW2802160895 Beijing XINHUA in English 1551
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China's industry witnessed a high growth rate of 18 percent in 1994, according to an official communique from the State Statistics Bureau released here today.

The statistical communique on the 1994 national economic and social development said that China's total industrial output reached 1,835.9 billion yuan-worth.

The growth rate of state-owned enterprises was 5.5 percent, while that of collective ones reaching 21.4 percent and that of foreign-funded ones, 28 percent.

Statistics show that the large and medium-sized enterprises maintained their momentum of steady development with a growth rate of 12 percent.

The communique said the growth of light industry was faster than that of heavy industry. In 1994, the value added of light industry was 766.8 yuan-worth, up 19.6 percent over the previous year, while that of heavy industry reaching 1,069.1 billion yuan, up 16.5 percent.

The economic efficiency of industrial enterprises was improved to some extent, it said. In 1994, the composite efficiency index of industrial enterprises was 97.0, up 0.4 percentage points over the previous year.

Construction continued to develop steadily last year, the communique said.

In 1994, the value added of construction was 290 billion yuan, up by 12 percent over the previous year.

Further, the communications and transportation continued to grow. The value added of the sector in 1994 was 224.7 billion yuan, an increase of 6 percent over the previous year.

The total business transactions in post and telecommunications services reached 69.3 billion yuan, up 50.2 percent over 1993.

The newly increased private telephone subscribers in urban and rural areas topped 10 million, 3.2 percent of the households were installed with telephones.

'Visibly Improved' Lives Reported in 1994

OW2802161395 Beijing XINHUA in English 1555
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The life of Chinese people were visibly improved last year, according to an official report from the State Statistics Bureau released today.

The report on national economic and social development in 1994 said that household income continued its steady rise last year, with annual per capita income of urban households at 3,179 yuan, up 36 percent from the previous year, or real growth of 8.8 percent when adjusted for inflation.

Per capita net income of rural households was 1,220 yuan, up 32 percent, or real growth of 5 percent.

Steady progress was made in labour and employment, as some 7.15 million people got jobs in cities and towns, with an urban unemployment rate of 2.9 percent at the end of the year, and an overall figure of 4.8 million.

Some 95 million people are involved in unemployment insurance programmes, more 80 million people in enterprises and 18.5 million retired people are taking part in pension systems, and more than 1.8 million unemployed persons received relief funds from local labor departments in 1994.

The report said that there were positive results in family planning last year, with a birth rate of 17.7 per thousand, and a death rate was 6.49 per thousand, resulting in a natural growth rate of 11.21 per thousand.

By the end of last year, the total population of China was 1.198 billion, an increase of 13.33 million over the 1993 figure.

Urban and rural living conditions improved, with a total area of 200 million square metres of new residential buildings being added in urban areas and 580 million in rural areas in 1994.

Some 43 million people received relief funds from the state, the report said, adding that social security networks were established in 32 percent of the rural townships.

Further development was done in environment protection, and China now has 763 protection zones, 90 of them at the state level, covering an area of 66.18 million hectares, accounting for 6.8 percent of the total area of the country.

At the end of 1994, the number of projects fighting environment pollution that were completed amounted to 6,285, absorbing a total investment of 2.62 billion yuan.

Government 'Boosts' Economy in Ethnic-Minority Areas

OW0103090395 Beijing XINHUA in English 0821
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—The central government is adopting various measures to boost the economy of ethnic-minority areas.

A spokesman for the State Nationalities Affairs Commission said here today that the economic development of ethnic-minority groups is safeguarded under Chinese law, and it is increasingly helped by the central budget.

However, he said, owing to poor infrastructure and weak capacity, the economic growth in these areas is still slow and the gap between them and economically-developed regions has widened.

"China is adopting a series of measures to speed up the economy in the ethnic-minority areas," the spokesman said.

First, it has implemented various preferential policies in line with ethnic groups' concrete conditions and needs. In this regard, he said, China has set up special loans and foundations such as "funds to support economically-underdeveloped regions", "budget subsidies quotas", and "subsidies for ethnic-minority groups".

The ethnic groups also enjoy preferential policies in terms of investment, loans, taxation, production, transactions, and other fields, according to the official.

Second, the government has been increasing its investment in ethnic-minority areas. In the early 1990s the government built a group of national key projects in the areas based on the principle that "big projects should be constructed first in ethnic-minority areas, all things being equal," the spokesman said.

He cited grain production bases in the Inner Mongolia and Ningxia Hui autonomous regions, and sugar production bases in the Xinjiang Uygur and Guangxi Zhuang autonomous regions.

Many of major railways, oilfields and coalfields, and water-control facilities have also been developed in ethnic-minority regions, he added.

In recent years the central government has paid great attention to the opening process in the areas inhabited by ethnic-minority groups. There are signs that more capital from coastal regions and abroad have been pouring into these inland regions, the spokesman continued.

Foreign trade along the borders is booming; and economic development zones or pioneering zones have been set up in these regions, he said.

Moreover, the government is adopting measures to encourage ethnic-minority groups to develop their local processing industries, rural enterprises and service industries.

"China has decided that, basically, all ethnic-minority people will be provided enough food and clothes before the year 2000," the spokesman said, adding, "And to reach the target, the government is putting more goods, materials and money into the ethnic-minority regions."

China has 56 ethnic groups, of which there are 90 million minority people, accounting for eight percent of the total Chinese population. The ethnic-minority areas account for 64 percent of the national territory.

Inflation Not Likely To Ease in Next Few Months

HK0103101295 Beijing ZHONGGUO ZHENGQUAN
BAO in Chinese 14 Feb 95 p 3

[Article by Zhao Xinbo (6392 2450 0980): "Inflation and Macro Regulation and Control"]

[FBIS Translated Text] The slogan "strengthening macrocontrol to curb inflation" has been chanted for the two years since early 1993, when China witnessed obvious inflation and the central government sharply and successfully increased the deposit interest rate to strengthen macroeconomic control. Some analysts and investors concluded in a perfunctory way that "with strengthened macrocontrol, certainly inflation would be rapidly curbed" and asserted that the value insurance subsidy rate [bao zhi bu tie lu 0202 0237 5943 6317 3764] would come down from the ceiling. But reality has perplexed these people once again. The inflation rate has refused to decline and the value insurance subsidy rate keeps climbing every month.

An analysis of the excessive inflation despite the government's long-running macrocontrol and of future inflation trends, especially before April, may help large numbers of investors to correctly understand price trends and thus make decisions on investing in national debt futures in a more scientific way.

First, the current inflation is different from that of previous years. The causes of the current inflation are rather complicated. On the one hand, the overall price increase resulted from the chain reaction of prices to the

repeatedly accelerated price reform and from increased demand brought on by excessive growth in consumption funds, which itself resulted from the ultra-rapid increase in fixed assets investment over the last few years. On the other hand, price, wage, taxation, foreign exchange, and foreign trade management reforms have come together to push up prices. Other causes include the long-standing insufficient supply of essential agricultural products, the increasingly high rate of introducing foreign capital, and the rapid growth of total foreign trade volume. It is safe to say that inflation is hardly avoidable in a period when China's socialist planned economy is moving toward a socialist market economy and the economy is growing rapidly. Thus the struggle against inflation will last a long time and will follow a difficult and complicated course.

Second, from the government's point of view, low inflation is one objective of strengthened macrocontrol, but it is not the only one. We are now facing a world featuring increasingly keen economic competition as well as a historic opportunity for developing our economy and increasing our national strength, so the government is not planning to achieve a "hard landing," curbing inflation at the expense of economic growth, the way it did in 1988 and 1989; rather, under the guidance of the 20-character principle of "seizing opportunity, deepening reform, opening China wider to the outside world, promoting development, and maintaining stability," it is doing its utmost to contain inflation while simultaneously promoting sustained, healthy economic development. With this macrocontrol policy in force, fixed assets investment in 1993 and 1994 expanded by 60 and 30 percent respectively over the previous year. Under such circumstances, it is unrealistic to expect inflation to disappear in a brief period of time [qi wang tong zhang zai hen duan di shi jian nei xiao fei shi bu qie he shi ji di 2601 2598 6639 5195 0961 1771 4252 4104 2514 7035 0355 3194 1136 2508 0008 0434 0678 1395 7139 4104].

In addition, the state has relaxed direct control over prices and wages as a result of deepened reform while some indirect methods of control remain incomplete, making it difficult for many macrocontrol measures to be put into practice. The relatively insufficient supply of agricultural products and sharp rise in production costs of agricultural products are other reasons why inflation cannot be checked [yi zhi 2117 0455] in a short period of time.

Judging from the leading indicators forecasting the price index, the macroeconomy will have to bear huge inflationary pressure in the next few months. First, there has been a rapid increase in industrial added value [gong ye zeng jia zhi 1562 2814 1073 0502 0237] since the third quarter last year. The added value for the third quarter last year increased by 18.1 percent over the same period the previous year and by 2.6 and 1.7 percentage points over the first and second quarters, respectively; for October and November last year it climbed by 24.3 and 23.6 percent over the same periods the previous year, while the average daily output value for December was

8.7 percent higher than the previous month. While inflationary pressure has yet to be eased, rapid industrial growth makes inflation die hard. Second, according to bank statistics, the national expenditure for wages in cash for the January-July period last year increased by 37.7 percent over the same period the previous year, and that for August and September last year grew 45.6 and 60.3 percent over the same months the previous year, with the growth rate for the whole of 1994 standing at 40.5 percent, up 10 percentage points over the previous year. The 1994 per-capita net income in rural areas also reached an all-time high of 1,200 yuan, showing a rising trend. And third, in the January-September period last year, bank loans were 112.4 billion yuan more than the in same period the previous year. To help enterprises solve the problem of serious shortages of circulating funds and to support the workers and staff of a number of large and medium enterprises, an additional 130 billion yuan were put into circulation in the third quarter last year, thereby changing the situation in which the government only withdrew surplus paper money from the market but did not issue any money in the first half of the year to the situation in which things went the other way round in the third quarter. The 1994 total money supply was 4.6933 trillion yuan, up 134.4 percent over the previous year.

The several factors mentioned above indicate that prices will not decline in the next few months.

Labor Official on Efforts to Combat Joblessness

OW0103100295 Beijing XINHUA in English 0900
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—A senior Chinese labor official said here today that the government has taken various active measures to combat the rising jobless problem.

Remarkable achievements have been made in the field to safeguard the livelihood of the people, maintain social stability and ensure the implementation of reform measures, the official from the Ministry of Labor told XINHUA.

In 1994 alone, seven million of the new urban workers obtained jobs and one million unemployed people in the cities obtained new jobs. The setting up of township enterprises are encouraged in the countryside, and they have already recruited 100 million rural workers.

To further the steps to tackle the jobless problem, the government this year launched a re-employment project and a scheme for orderly transregional migration of surplus rural forces, he disclosed.

As China's state-owned enterprises' ability to recruit workers decreases at this time of management shake-up and business invigoration, plus the fact that the number of surplus rural laborers is soaring, the most populated country in the world is now facing a huge burden of unemployment, the official said.

Official statistics show that of the 800 million-strong workforce in the country 150 million are unemployed or underemployed rural people.

Every year 10 million more people enter the job market in the urban areas. Moreover, 17 million workers in loss-making enterprises are waiting for new jobs.

The re-employment project is an adaptation of practices in the U.S., Britain and Germany. It offers retraining and job-hunting services in addition to subsidies to help people find jobs, the official said.

Those who fail to find work after various attempts will be assigned to work in labor-intensive enterprises, according to the scheme.

The project was tried out last year in 30 major cities and "proved to be effective," the official said, adding that it will be enforced across the country this year.

Of the one million re-employed last year, 200,000 received job training and other employment-related services, he added.

The migration plan maps out a unified network linking the rural and urban labor markets, to ensure an orderly flow of laborers. A migrant job permit system has started to be introduced in major cities. It is estimated that the number of migrant workers will reach 30 million this year.

Besides, the government has been endeavoring to build up a security system for the jobless. By the end of 1994 the unemployment insurance system covered 26 provinces, and 1.8 million unemployed people received benefits last year.

Government leaders and experts alike are all optimistic on this issue. "The job opportunities lie in rapid economic growth and the reform and opening-up," a labor expert here told XINHUA.

He cited the following favorable factors in this regard: The economy has been maintaining a relatively high growth rate, which is expected to continue; the private sector now offers more jobs than the state-owned sector; and the increased overseas investment has also provided a remarkable number of job opportunities.

Article on Regional Disparity in Economic Development

HK2702061795 Beijing QIUSHI in Chinese No 2, 16
Jan 95 pp 6-10

[Article by Li Chunting (2621 2504 0080): "Making Concerted Efforts To Speed Up Economic Development in Less-Developed Regions"]

[FBIS Translated Text] China's economy and society have seen tremendous changes since the beginning of reform and opening up. Its overall economic strength and the living standards of its people have both reached new heights. In the course of economic development, the

sustained rapid growth in the coastal regions poses a sharp contrast to development in the central and western regions. At the same time, uneven economic development is also witnessed between different coastal regions, and the gap is widening. We must not only pay attention to stepping up economic development in the central and western regions, but must put on the agenda and grasp firmly and well problems of underdevelopment within developed regions. Over the past few years, we have, proceeding from the actual conditions in Shandong, adopted a combination of measures and brought into play our overall superiority in speeding up development in the less-developed regions, and have achieved satisfactory results.

I

The process of national economic development is one whereby economic development between regions heads from an uneven to an even state and then back to an uneven state. This is true for the whole country as well as for a single province. Between the Third Plenary Session of the 11th CPC Central Committee and 1984, economic growth occurred roughly at the same speed in different localities in Shandong, and the gap between eastern and western Shandong was not very obvious. After 1985, when development in the eastern coastal regions started to pick up, the gap between the east and the west began to widen. In 1984, in the five prefectures and cities of Dezhou, Binzhou, Liaocheng, Heze, and Dongying in the west, peasants' per-capita net income was 386.4 yuan and per-capita gross domestic product [GDP] was 810.5 yuan. The corresponding figures for the five cities of Qingdao, Yantai, Weihai, Weifang, and Zibo, which have roughly the same population and areas as the five prefectures and cities mentioned above, were 449.8 yuan and 908.6 yuan. The ratios between the two places were 1:1.2 and 1:1.16. While peasants' per-capita net income in the five western prefectures and cities had climbed to 555.5 yuan and per-capita GDP to 1579.9 yuan by 1992, the corresponding figures for the five eastern cities had gone up to 1057.3 yuan and 3571.3 yuan; the ratios changed to 1:1.9 and 1:2.9. The disparity has emerged in the course of common [gong tong 0364 0681] development and is normal within a given period. However, if the gap remains large over an extended period, and rapid growth in the coastal regions is not reciprocated and supported by that in the inland regions, development in the coastal regions will be impeded, and overall economic development will be fettered. This may even lead to many social problems. We may compare Shandong to a sailing ship. If its bow in the east is raised but the stern is large and deep in the water, the speed of the whole ship will be affected. An important task of the government in exercising macro-control is to adopt a positive attitude, to continuously resolve contradictions by asking those who have become well-off to bring along the less well-off and encouraging the less well-off to catch up with the well-off, to pay attention to striking a positive balance, to

narrow the gaps between regions, and to help bring about a newer and higher state of evenness in the development of the economy as a whole.

The essence of socialism requires that we take the road of common development. The less-developed regions are old revolutionary bases. People in these regions made great contributions toward the Chinese revolution during the war years. For various reasons, however, the level of economic development and living standards in these regions are still low. In 1992, the per-capita GDP, per-capita revenue, and peasants' per-capita net income in 54 less-developed counties (cities and prefectures) of Shandong, including 15 poverty-stricken counties and 48 counties subsidised by the financial departments, were 1,119 yuan, 117 yuan, and 199 yuan lower than the respective average figures for the province, and considerably lower than the figures for the coastal regions. Our purpose in developing socialist modernization is to liberate and develop the productive forces, raise the people's material and cultural levels, and gradually achieve common prosperity. Comrade Deng Xiaoping pointed out: "The greatest superiority of socialism is common prosperity, something which embodies the essence of socialism" ("Selected Works of Deng Xiaoping," Vol 3, p 364). We advocate letting some regions become well-off first so that they can help the backward regions achieve better progress. We should try by every means to achieve common prosperity, help the less-developed regions accelerate their economic development, and achieve common prosperity by relying on those that have become well-off to help those that have not. This is a new task before us, a task that is essential in building socialism with Chinese characteristics.

To achieve the second- and third-stage strategic objectives for social and economic development, it is also necessary for us to accelerate economic development in the less-developed regions. After the 14th National Party Congress, the Shandong Provincial CPC Committee and Provincial Government adopted the objectives of octupling output [shi xian di san ge fan fan 1395 3807 4574 0005 0020 5064 3972] and achieving a relatively modest level of prosperity by the year 2000, and catching up with the current economic aggregates of the medium-developed countries of Asia by the year 2010, in accordance with the new tasks put forward by the CPC Central Committee. These objectives cannot be achieved merely by relying on some regions. The whole province must coordinate efforts and achieve common progress. Shandong fulfilled its task of quadrupling output one year ahead of schedule in 1993, and is now working on the second-stage objective of octupling output [fan san fan 5064 0005 3972]. The pressure for the realization of this objective mainly comes from the less-developed regions. At present, 4 million people in Shandong do not live a secured life with enough food and clothing. We are determined to work hard and to accomplish the task of shaking off poverty two years ahead of schedule by 1998, thereby resolving the problem of food and clothing for these four million people. Work in the

less-developed regions should not only be based on redoubled efforts to shake off poverty, but must also be based on progress. This makes the task of achieving a relatively comfortable life in the less-developed regions on schedule by the year 2000 all the more arduous. Statistics on the level of prosperity in the rural areas show that 42 counties (cities and prefectures) managed to fulfill over 90 percent of the targets for achieving a relatively comfortable life by 1993. Of these, 26 counties (cities and prefectures) had achieved a relatively comfortable life, and the majority of these were in the eastern coastal regions. In the four cities and prefectures of Heze, Liaocheng, Binzhou, and Dongying in the west, the targets were only fulfilled by 60 percent. Of these, 27 counties managed less than 60 percent, some as low as 40.4 percent. At the present rate of development, it is very difficult for these regions in western Shandong to achieve a relatively comfortable standard of living, and this will directly affect the realization of the second-stage objective in the whole province. How fast and well this problem is resolved will have a decisive impact on Shandong's economic takeoff.

II

To speed up development in the less-developed regions, it is necessary to correctly handle the relations between the inside and the outside. The less-developed regions should mainly rely on themselves in their development. They must not look to the outside or depend on assistance from others. Outside assistance is no substitute for one's own hard work. However, the less-developed regions of a province are the concerns of that province, and the provincial party committee and provincial government are duty-bound to help these regions develop. Since the less-developed regions have a meager heritage and a weak foundation, it is very difficult for them to speed up development within a short time by relying solely on their own efforts. An important indication of the superiority of the socialist system is that it can bring the overall superiority of a place into play, organize and arouse the enthusiasm of different forces, and organize those that have become well-off first to bring along those that are still poor, so that they can help one another with their strong points and achieve common development. As far as the less-developed regions are concerned, speeding up development is impossible without support from the totality of different forces and preferential policies. Over the years, the CPC Central Committee and State Council had drawn up a series of preferential policies, adopted many important measures, and injected a lot of manpower and material and financial resources for the sake of developing the country's less-developed regions. Such support has yielded notable results. The same should be done at the provincial level. In recent years, we have, under the leadership of the CPC Central Committee, actively explored ways and means of helping the less-developed regions speed up their development. By getting the forces of all quarters organized, relying on the strong counties to bring along the weak, relying on different departments to provide the motive

force, and giving relevant policy support, these regions have seen substantial changes in their appearance.

First, relying on the strong counties to bring along the weak. After the Third Plenary Session of the 11th CPC Central Committee, some counties and cities along the eastern coast of Shandong have, capitalizing on the favorable climate and their geographical position, sprung up to become pacesetters in Shandong's economic development. In 1993, 26 of the 29 economically-strong counties of Shandong were in the eastern part of the province. The population of these counties made up 28.8 percent of the total population of the province. Their GDP accounted for 42 percent and their foreign trade purchases made up 55 percent of their respective provincial totals. Taking advantage of their early opening, these counties successfully developed some competitive pillar industries and leading products, cultivated a contingent of entrepreneurs who embraced new concepts and were good at opening up markets, and trained and fostered a large number of managerial and technical personnel. They spurred on economic development in the whole province. After more than 10 years of rapid development, these regions in the east also encountered some new problems. For example, restricted by the shortage of resources and energy, the development of some industries is hampered, and efforts must be made to readjust the industrial structure and open up new markets. Although the less-developed regions are rich in farm and sideline products as well as natural resources and have an abundant supply of labor, they cannot convert their superiority in terms of resources into superiority in terms of commodities due to the lack of technologies, talent, and funds. If we can combine the superiorities of these two parts of the province and make them complement and support each other, we will be able to tap the tremendous potential of our province. In fact, economic integration and coordination between the eastern and western regions have already been taking place spontaneously. Our task is to consciously grasp the law of economic development and launch this task on a wider scope and deeper level through planned and organized guidance.

In the mid-1980s, we organized cooperation and mutual support between units in Qingdao, Yantai, and other cities in the east and those in Linyi, Liaocheng, Binzhou, and other prefectures and cities in the west, and achieved satisfactory results. Through practice we discovered that much more substantial and ideal results could be achieved if integration between the east and the west was carried out on the county level. Hence, in 1993 we introduced a strategy of relying on the strong counties to bring along the weak. A number of economically-strong counties were organized in a planned way to form pairs with the less-developed counties in the west in an experiment to make different counties complement one another with their own strong points in order to achieve common development. Adopting the project form and through means such as joint-equity cooperation and compensation trade, over 100 projects were launched in

the past two years, whereby the resources, labor, and other strong points of the less-developed counties were combined with the technology and information of the strong counties. Through exchange of personnel as well as cooperation in the fields of science and technology and labor services, the strong counties exchanged over 500 cadres with related units in the less-developed counties, and helped train more than 100,000 technical personnel of various categories for the less-developed counties. The economically-strong counties along the coast also made the best of their strong points, such as their long history, strong concept of opening up, and favorable geographic location, to actively help the less-developed counties invite business, attract capital, and develop their export-oriented economies, and achieved good results.

As the work of "forming pairs" deepened, the scope of cooperation between the strong counties and the less-developed counties widened and the level of cooperation also deepened. Laterally, a strong county may form ties with several less-developed counties, and a less-developed county may form ties with several strong counties. Vertically, cooperation is possible between departments, townships, enterprises, and villages. At the same time, all cities and prefectures in the province, including the developed regions, also followed the example set by the province in forming pairs internally, with the strong bringing along the weak and becoming even stronger through helping the weak, to solve the problems in the relatively backward counties, townships, and villages in their respective regions. With "the government providing the setting and enterprises doing their part," the rational flow and optimal deployment of production factors were promoted. Practice has proven that the pairing of strong and less-developed counties so that the strong counties can bring along the weak provides an effective means for the eastern and western regions to join forces and speed up development. Integration based on the principle of helping one another with one's own strong points and the principle of mutual benefit and mutual interest is more conducive to arousing the enthusiasm of both parties than simple administrative means of bringing two units together. It is more effective and has greater vitality and development potential.

Second, relying on different departments to provide the motive force. Party committees and government departments at all levels taking overall responsibility for supporting the poor has proven effective over the years. Since 1985, our province has rallied more than 30 departments and bureaus, including 15 poverty-stricken counties, and made great contributions toward the steady solution of the problem of providing enough food and clothing for more than four million people. Departments directly under the provincial government can also play an important role in helping speed up development in the less-developed regions. Since they understand the whole situation, they can exercise leadership on behalf of

the provincial party committee and provincial government, take the lead in bringing about the formation of links between the economically-strong counties and the less-developed ones, and play their role as organizers and coordinators in helping the two units find areas of cooperation and in promoting mutual cooperation. Meanwhile, with their superiority in terms of manpower, technology, funds, and information, these departments can also help the less-developed counties overcome the difficulties the latter encountered in reform, opening up, and development. Thus, adopting methods such as the contract system and the seconding of cadres, over 1,000 highly-competent cadres were chosen from among government departments and seconded to the less-developed counties. Departments directly under the provincial government were organized to give guidance and assistance to less-developed counties. They were assigned clear and definite tasks and given the necessary authority. A system of responsibility was also established. Proceeding from reality, they brought the superiority of their departments into play, made comprehensive use of administrative and economic means, gave concrete assistance to the less-developed counties, and played an important role in promoting economic development in the less-developed counties.

The less-developed counties suffered because they had ideological burdens and followed a narrow approach in economic work. With these problems in mind, departments directly under the provincial government focused their efforts on helping the less-developed regions rid themselves of their ideological burdens, broaden their approach in economic work, and draw up plans and specific measures for reform, opening up, and development. For example, dozens of experts were organized by the provincial scientific and technological committee to conduct inspections in Feixian County. After the inspections, they drew up the strategy of "invigorating Feixian through application of scientific and technological advances" which closely combined the resource superiority of Feixian County with scientific and technological development. At the same time, 84 scientific research units were encouraged to launch "Spark" and "Torch" program projects in Feixian County. These efforts greatly promoted Feixian's economic development.

The rational flow of production factors between regions is an effective means of speeding up development in less-developed regions, but it is very difficult to bring about the rational flow of production factors by relying on the market mechanism alone. Also, it requires more than just mutual benefit and mutual interests for the eastern regions to bring along the less-developed regions. Uncompensated support is also necessary. Departments directly under the provincial government are thus required to play their role as the organizers and coordinators by acting as go-betweens and looking for areas of cooperation. Over the past two years, departments directly under the provincial government have helped bring about over 80 joint-equity and cooperative projects between the strong and the less-developed

regions and have helped develop a number of farm and sideline product bases. For example, a relevant department under the provincial foreign economic cooperation and trade committee joined hands with Jiaozhou City and Lijin County in the establishment of the Lijin County Chemical Plant with a capital investment of 30 million yuan. The plant yielded over 10 million yuan in profits and taxes in one year. The financial difficulties of Lijin County were resolved thanks to this project.

Third, giving relevant policy support. Most of the less-developed regions have a backward infrastructure and lack key projects and leading industries. This is an important reason why the resource superiority of these regions cannot be brought into play. In order to accelerate their development, it is necessary, in planning the geographical distribution of industries, to accord priority to the less-developed regions when planning large-scale resource development projects and infrastructural projects, so that they will have a springboard for future development. Only when they have laid their foundation will they be able to make more rapid advance. During the "Eighth Five-Year Plan" period, 60 percent of the investment made by our province in capital construction went to the western regions, and most of the three-billion-yuan-plus Huanghe-Huaihe Development Fund and World Bank loan were spent on the less-developed regions. These investments have brought about notable changes in the backward appearance of these regions. Another major difficulty experienced by the less-developed regions is the shortage of funds. Without funds and without investment, it is impossible to expand reproduction. Hence, we adopted a series of measures and made every effort to raise funds for them. These measures included granting financial subsidies and increasing poverty-relief funds. Also, the less-developed regions were given priority in the allocation of capital construction funds raised by the provincial authorities for the development of waterpower resources, transportation, and electricity projects. Special funds for economic development in the less-developed regions were also established. These were mainly spent on key projects in counties and townships. The provincial financial administration also provided each pilot county with circulating funds amounting to one million yuan each year in the past three years, and running accounts were kept for these sums. These measures have played a conspicuous part in spurring the development of less-developed regions.

The work of boosting economic development in less-developed regions involves different aspects of work. It is a task of systems engineering. To strengthen leadership over this work and ensure the implementation of various measures, we have established a leadership responsibility system whereby each standing committee member of the provincial party committee and each vice provincial governor is required to forge ties with one to three less-developed counties. This practice of establishing long-term relations will better help resolve the problems of development in the less-developed regions. Various

cities and prefectures have also followed the example set by the provincial authorities and established similar responsibility systems for mayors and commissioners.

III

External causes are the conditions for the development of things while internal causes are the basis for the development of funds, and external causes become operative through internal causes. The less-developed regions need outside support and assistance to accelerate development, but the important thing is that they must rely on their own efforts and activate their inner drive.

Emancipating the mind and overcoming the fear of difficulties are also of utmost importance to the less-developed regions. For the less-developed regions, a major obstacle to accelerating development is that they are out of touch with reality, afraid of difficulties, and think that they are incapable of doing anything. As the situation in Shandong shows, all those regions that have made the switch to the market economy and seen rapid economic development started off by emancipating their minds and changing their old ways of thinking. Without emancipating the mind, there will be no reform and opening up, which means that there will be no major economic development. Taking the development of the socialist market economy as the central task, the less-developed regions must arm their cadres and masses with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, do away with the concept of self-subsistence and the mentality of waiting for, relying on, and asking for state support, which have developed over the years under the natural economy, and embrace the new concepts of making innovations through reform and developing the market economy. They must follow the correct ideological line, persist in proceeding from reality, combine the instructions given by the higher authorities and the experience of other places with their own actual conditions, and do their work in a creative way. The less-developed regions have rich resources and other superior conditions. As long as they have confidence in themselves, they will be able to tap and give full scope to their great potential. The western regions are Shandong's major grain and cotton producing areas, with output accounting for 69.8 percent of the aggregate totals of the province. Most of the coal, petroleum, and power resources are also found in these regions. They are also rich in water, land, and labor resources. Thanks to an increase in investment, considerable improvements have been made in transportation, telecommunications, and other infrastructural facilities. These are the objective conditions for the acceleration of development. By making a subjective effort to adapt to and make use of objective conditions, the less-developed regions will definitely be able to develop more rapidly.

The speed of development of the less-developed regions is determined by whether or not they can blaze new trails of development. A fundamental reason why the eastern regions of Shandong have been able to develop rapidly is

that through reform and opening up, they have found ways of developing the market economy that are suited to their characteristics. The less-developed regions are also exploring their ways of development and have made breakthroughs in some respects. Seen on the whole, however, they have not developed distinctive traits of their own. Since conditions in the less-developed regions vary and each has its strong and weak points, it is unrealistic to hope to find a single "prescription" that can provide the answer to all counties. Only by proceeding from their own realities and giving full scope to their own strong points will the less-developed regions be able to speed up their development. Regions with a lot of mountains should make the best of their mountain resources, while those with a lot of rivers should make the best of their water resources. Regions that are rich in resources should concentrate on developing resources industries, while regions with limited resources but strong processing capability should concentrate on developing processing industries. All the less-developed regions should further develop agriculture and township enterprises, and follow the road of developing high-yielding, high-quality, and high-benefit agriculture. Efforts should also be made to develop secondary and tertiary industries. It is in the fields of secondary and tertiary industries that the less-developed regions are lagging way behind the coastal regions. This is the main reason why the less-developed regions have a shortage of revenue and sluggish growth in peasants' income. Only by catching up in their secondary and tertiary industries on the basis of primary industry will the less-developed regions be able to undergo a fundamental change in appearance.

Most of the state enterprises in the less-developed regions are small ones. What really counts in these regions are urban collective enterprises and township enterprises, and running these enterprises well has a vital bearing on the acceleration of development in the less-developed regions. We have made some explorations in this respect in the past few years and have successfully increased the vitality of our enterprises. At the same time, we have, while ensuring the predominant position of public ownership, also developed diverse economic sectors and adopted a variety of measures to increase our peasants' market competitiveness. On the basis of stabilizing the contract responsibility system on a household basis with remuneration linked to output, we have also reformed the land use system, devoted major efforts to specialized villages and households, and encouraged peasant households to engage in specialized production and operations. Great efforts have also been made to get the scattered peasant households better organized by way of developing trade-industry-agriculture and production-supply-marketing organizations.

Man proposes, and it is also man who disposes. The key to successful reform, opening up, and development lies in having a good team. In the less-developed regions where conditions are poor, tasks are arduous, and difficulties are great, it is all the more necessary to have a

leading body that is liberal in thinking, fine in political quality, conscientious in workstyle, and particularly capable in fighting. In the past few years, the provincial party committee and government of Shandong have exerted great efforts in grasping the work of building up the leading bodies at various levels in the less-developed regions. Through the exchange of cadres between higher and lower levels, the seconding of cadres between units with horizontal ties, and internal cultivation and promotion of cadres, a number of young and middle-aged cadres with both ability and political integrity have been promoted to leading posts. This has optimized the makeup of the leading bodies, increased their vitality, and provided the necessary organizational guarantee for speeding up economic development in the less-developed regions. Leaders at all levels must resolutely implement Comrade Jiang Zemin's instructions and adopt positive measures to persistently and relentlessly grasp this task well in order to help the less-developed regions catch up with the pace of the whole province as quickly as possible. When the economy has improved, a large number of cadres will also mature rapidly.

First Telecommunications Trade Association Set Up

HK0103063495 Beijing ZHONGGUO XINWEN SHE
in English 1156 GMT 28 Feb 95

[FBIS Transcribed Text] Guangzhou, February 28 (CNS)—The Guangdong Management Association of Telecommunications Industry has been officially set up in Guangzhou today and this is the first trade association in the telecommunications industry in China.

Following quick economic development in Guangdong, the paging market has accordingly become very active in the province. Incomplete statistics reveal that up to and including year-end of 1994, there were 334 paging stations used by work units and another 259 are operated for the public. In addition, there are 159 enterprises specializing in manufacture of computer terminals and telephone switchboards and the overall sales volume per annum is up to 15 million units.

Competition among the numerous paging stations has become more intensified and greatly stimulated the market. They try their very best to gain more customers through improved service. However, some of the paging stations were found using unfair competition. Some of them, before approval by relevant government bureaus, use unauthorized satellite network to carry out trans-province and even cross border paging services involving Guangdong and Hong Kong. And some of them were also found illegally using other wave bands to interrupt signals of other paging stations.

The Association will act as an advisory and governing body in the paging industry. It will also act as the medium between the paging stations and the government bureaus. It is in charge of making legislations, code of practice and undertaking technological development

projects. It is hoped that the Association will become a powerful watchdog to monitor conduct of the paging stations so as to maintain a well-organized market structure and protect interests of the consumers.

Economist Hu Angang on Economic Fluctuations

Part One

HK0103101695 Hong Kong LIEN HO PAO in Chinese
14 Feb 95 p 10

["Special report" by reporter Lin Chui-fen (2651 5050 5358): "Hu Angang Publishes the Latest Report on National Conditions, Explores Ways To Avoid Great Fluctuations in the Chinese Economy (Part One)"]

[FBIS Translated Text] Dr. Hu Angang [5170 7254 6921], a well-known Beijing economist and a research fellow with the Team for Analyzing and Studying National Conditions at the Chinese Academy of Sciences, after publishing his book *Report on China's National Ability*, will soon publish another book through Liaoning People's Publishing House, entitled *Report on China's Economic Fluctuations*, (a 500-page book) which will probe the reasons for the great fluctuations in China's economic development using the theory of modern economic fluctuations, as well as the ways to prevent and avoid such fluctuations. He advocates "progress amid stability," that is, in a stable macroeconomic environment, seek sustained, stable, and rapid growth.

Hu Angang points out that great fluctuations have been one of the core problems of China's economic development in the past 40 years. Since the reform and opening of the Chinese mainland, the coefficients of economic fluctuation have already decreased, but economic development has still had four ups and three downs, and is currently entering the fourth down. The great fluctuations in economic development mean big reductions in the actual merits of the economic growth in China.

He criticizes the fact that some leaders hastily seek instant results and use political and administrative means to interfere with normal economic development, whereas the government's decisionmaking system lacks restraining mechanisms and mistake-correcting mechanisms, to the extent of causing great fluctuations in economic development. He says that from on now, China should reduce political repercussions that can cause economic fluctuations.

The Economy Has a Bearing on Social and Political Stability

Hu Angang points out that the great fluctuations in economic development are one of the most prominent features of China's economic development, as well as one of the roots of conflict and clashes in Chinese society. When China's economy is stable, its social and political situations are stable; when its economy is unstable, its social and political situations are unstable.

The book also points out that when central leaders hastily seek instant results, local governments at various levels hastily seek development, millions of manufacturers hastily seek profits, and ordinary people hastily seek affluence, together they push overall economic growth to a peak at great speed, by which time China's economy resembles an express train on which the brake is not working, and there is no way to slow down or stop (including small adjustments, partial adjustments, or a soft landing), except making a major economic adjustment like stepping on the brake violently. By then, leaders and those in economic circles will have different opinions on whether or not the economic growth is "overheated," and quarrel about the timing and scale of the adjustment.

Great ups in economic development will certainly lead to great downs in economic development, while each relatively big economic fluctuation will cause a serious economic crisis, and an economic cycle will cause a political cycle.

Each time the economy is at low ebb, a political incident will erupt and a leader will step down: For example, during the low ebb in 1981, Hua Guofeng stepped down; the low ebb in 1986 led to the stepping down of Hu Yaobang in early 1987; and during the low ebb in 1989, Zhao Ziyang stepped down.

"Those who started the trouble should end it." In Hu Angang's description, the central government is the engine causing economic fluctuations and also the device that stabilizes economic growth, and in such a situation the central government is forced to make decisions on implementing important economic adjustments. But in this way acute contradictions will emerge in the goals of the central and local governments, and eventually the central government will be forced to "impose uniformity" or use administrative means to carry out compulsory economic adjustment in the whole country.

When the economy has gradually recovered and thoroughly improved, it begins to enter the next economic cycle.

In addition, Hu Angang points out that a stable agriculture is the basis of a stable economy; that China's agricultural development has a great impact on economic fluctuations, the so-called "no farming, no stability; no grain, disturbances"; and that the agricultural growth rate restrains GNP growth and the industrial growth rate.

Therefore, Hu Angang says that only by vigorously developing agriculture and stabilizing the increase in grain can the whole national economic development be stabilized.

Part Two

HK0103102095 Hong Kong LIEN HO PAO in Chinese
15 Feb 95 p 11

["Special report" by reporter Lin Chui-fen (2651 5050 5358): "Hu Angang Publishes the Latest Report on

National Conditions, Explores Ways To Avoid Great Fluctuations in the Chinese Economy (Part Two)"]

[FBIS Translated Text] External Repercussions the Main Reason for Economic Fluctuations

Hu Angang points out that China's economic fluctuations are mainly caused by "external (noneconomic factor) repercussions"—including the "repercussions from political mobilization" by the central government during periods of economic expansion, and the "repercussions from government orders" by the central government during periods of economic retrenchment. The former is adoption of an expansion policy; the latter of an "austerity policy." These political factors and administrative means play a strong role in disrupting and pounding at the normal development of the economy.

For example, according to the book's analysis, each period of economic expansion in mainland China can be matched with one of the party congresses, and in the 17 years from 1977 to 1993, four party congresses led to four periods of economic expansion.

According to Hu Angang's analysis, in the year when a party congress is held, the economic growth rate will be higher than in the previous year; the fourth year will be lower, and the fifth year will be the lowest [as published]. He points out that the opening of a party congress will influence the GNP growth rate in that year to rise by 3.3 percent over a normal year, and the investment growth rate to increase by 12.4 percent.

The above-mentioned phenomenon results from the fact that a party congress has a strong function in political mobilization, when new leaders propose new goals of struggle and formulate new economic plans and policies, bringing about a new peak of economic construction. This kind of political mobilization has a very obvious function in economic expansion.

But when economic growth becomes faster, the price of an "overheated economy" will emerge, and the central government will be forced to follow an economic austerity policy, which is "repercussions from sudden use of the brake" when political orders are given.

Hu Angang points out that "sudden use of the brake" is the direct reason for the turn in the curve of economic growth and entry into a period of economic shrinking. Economic adjustment becomes the central government's main means of handling various kinds of economic crises. When economic rectification measures are promulgated, economic growth rapidly slows down, and a period of economic recession follows. According to his analysis, whenever an economic austerity policy is implemented, the GNP growth rate will decrease 4.8 percent compared with a normal year, and the investment growth rate will decrease 17 percent.

According to Hu Angang's observation, the guiding principle for economic development in China, as well as its economic policy, are constantly changing, seldom

remaining unchanged for more than three years, and in this way obvious policy cycles emerge. This reflects the conflict, clashes, and changes between the subjectivity of the leaders' development goals and the reality of the restraining factors in China's national conditions.

He points out: "Every time there is a mobilization for an economic leap forward that departs from national conditions and surpasses national strength, it will inevitably lead to the dilemma of economic recession, as well as great economic loss."

Maintain a Stable Economy Amid High Speed

Hu Angang stresses that maintaining a stable economy is the key to smoothly realizing an economic take-off in China, and that China will become a world economic power if it derives a method for constantly maintaining the economic growth trend which has started since the reform in the 1980's. But economic growth is determined by various production elements and not by noneconomic factors, and in the course of economic take-off the most important thing is to prevent "tumbling" at the upper and lower levels.

He points out that a stable macroeconomic environment is a necessary condition for economic growth, because only such an environment can encourage savings at home, attract foreign capital, upgrade endurance abilities on various sides, and realize financial balance and affluence. Then, reform measures have the conditions to be promulgated.

Part Three

HK0103102295 Hong Kong LIEN HO PAO in Chinese
16 Feb 95 p 10

["Special report" by reporter Lin Chui-fen (2651 5050 5358): "Hu Angang Publishes the Latest Report on National Conditions, Explores Ways To Avoid Great Fluctuations in the Chinese Economy (Part Three and Conclusion)"]

[FBIS Translated Text] "Reform should 'seek progress amid stability'; conversely, a high inflation rate and a huge deficit are also the main reasons for stagnation of reform or abortion of reform....Therefore, viewed from the long-term or short-term perspective, maintaining a stable economy is always one of the most important development goals of the central government."

Hu Angang thinks that during its rule over the past 40 years, the CPC has lacked a correct guiding principle for economic development characterized by continuity. He says that as a big developing socialist country, development is forever a topic for China. How should the relations between economic growth and economic stability be handled? Hu Angang thinks that for a long time to come, China's guiding principle for economic development should be: "Amid rapid growth, maintain a stable economy; amid a stable economy, realize sustained growth."

He says that economic stability is the basic condition for realizing sustained economic growth; and that avoiding serious economic recession or runaway inflation means reducing the degree of fluctuation during an economic cycle, reducing the coefficients of economic fluctuation, preventing economic growth from slipping into inflation, and realizing economic growth without inflation or with low inflation.

Hu Angang thinks that realizing economic stability is not only an economic choice and goal, but also a political choice and goal, and that macroeconomic control may serve the purpose of avoiding great economic fluctuations, political disturbances, and social turmoil.

He points out: "In China, the goal and policy of economic stability are: Stabilize growth, stabilize prices, stabilize inflation, balance finance, attach importance to agriculture and grain production, and create and maintain a stable macroeconomic environment."

Finally, Hu Angang stresses once again: "To avoid great fluctuations in the Chinese economy, the most crucial thing is to reduce the external repercussions that cause economic fluctuations, especially the 'repercussions coming from political mobilization' and the 'repercussions coming from political orders'....What we need is not rapid growth which is short-lived and extremely unstable, but rapid growth which is sustained and stable."

***Minister of Railways Discusses Status of Reform**

95CE0266a Beijing JINGJI GONGZUO TONGXUN
[ECONOMIC WORK NEWSLETTER] in Chinese No
12, 30 Dec 94 pp 3-5

[Article by Han Zhubin, Minister of Railways: "Vigorously Proceed With Reform and Accelerate Railway Development"]

[FBIS Translated Text] Since Comrade Deng Xiaoping's important southern inspection remarks and the 14th CPC Congress, our country's reform, opening up, and modernization construction have entered a new stage of development, and our country's railways have also come to have a historical opportunity for deepening reform and accelerating development.

Railways are a major artery of the national economy, belonging simultaneously to multiple categories, such as those of the state's infrastructure, society's public service projects, and productive transport enterprises; in addition, there are constraints imposed by traditional views as a result of prolonged operation under a plan-based management system—all this makes railway reform very difficult. Comrade Xiaoping's southern inspection remarks and the 14th CPC Congress broke away from the ideological confines relating to the relationship between plan and market, thereby providing a new cognitive weapon for our effort to study the issue of having transport enterprises move toward the market in an attempt to overcome sticking points in reform. Under

the guidance of Comrade Xiaoping's reform ideas and theory, all railway cadres and workers have been further emancipating their minds, renovating views, actively exploring the concrete forms of embodying the general principles of socialist market economics, and vigorously proceeding with reform, thereby creating a new situation of railway work.

I. New Steps Have Been Taken in Railway Reform

Over the past two years and more, the railways have, persisting in market-oriented reform, formulated the implementing rules for transforming the operating mechanisms of railway enterprises and also opinions on several issues regarding deepening railway reform on the basis of implementing the resolution of the Third Plenum of the 14th CPC Central Committee and set railway reform's basic direction, overall objectives, near-term tasks, and policy measures, thereby accelerating the progress of railway reform.

1. *New progress has been achieved in exploratory efforts to make railway transport move toward the market.* Mandatory quotas in railway transport plans have been reduced; the power to approve extra-plan train requests has been delegated; and progress has begun to be made in pilot projects on the reform of the procedures for formulating and approving freight transport plans. Efforts to close small stations, adjust the operation of passenger trains, and reform branch railway operating methods are being gradually carried out. Some units have carried out pilot projects of reforms aimed at doing the main job more efficiently while getting rid of sideline jobs.

2. *New steps have been taken in regard to the pilot projects to transform enterprise operating mechanisms and carry out reorganizations on the basis of the corporation system.* The railways have conscientiously implemented the rules on the transformation of the operating mechanisms of all-people-owned industrial enterprises as well as the railway implementing methods, and summed up and popularized the experience provided by the Jinan Bureau's pilot projects to transform mechanisms, achieving positive results. The pilot projects to carry out reorganizations on the basis of the corporation system at the Guangzhou-Shenzhen railway, Datong-Qinhuangdao railway, Nanning branch bureau, and Dalian branch bureau have basically completed preparatory work and begun to enter the stage of substantive operation. A group of specialized companies which meet the demands of the development of the market economy, such as container transport group companies, special-goods transport companies, railway tourism group companies, local railway development companies, and railway construction and development companies, are in the process of being set up in an active manner. Progress has also been made in organizing joint-venture railway companies. Since the beginning of 1994, the Shichang Railway Company of Hunan, Xiaoliu Railway Company Ltd of Shanxi, Xiyan Railway Company of Shaanxi, Jitong Railway Company have been established. New

steps have been taken in the efforts to gather funds through multiple channels and means and to have the center and the localities jointly construct and operate railways.

3. *The institutional reform of the Railway Ministry's bureaucracy has been proceeding steadily.* Under the State Council's unified plan and in accordance with the principles of downsizing and streamlining, uniformization, and efficiency, the Railway Ministry's bureaucracy has carried out institutional reform, strengthening the functions of industry-specific management, comprehensive sectoral management, and the overall direction of all railway transportation while weakening the functions of microeconomic-level sectoral management, social affairs management, and enterprise-operation management, thereby achieving new breakthroughs in transforming functions, rectifying relationships, downsizing and streamlining, and improving efficiency.

4. *The opening to the outside world has been further expanded.* New development has been achieved in the utilization of foreign capital, in scientific and technological exchanges with foreign parties, in international through transport, and in the exporting of products to earn foreign exchange. The amount of foreign capital utilized has now totalled more than \$4 billion. In the past two years, the Railway Ministry has engaged in extensive contact with overseas investment institutions and foreign businesses in relation to such issues as technological transfers, cooperative production, and foreign direct investment; applications for approval for projects are being filed and handled with regard to a number of major cooperative production projects. The provisional rules on foreign investment in railway construction and operation has been formulated on the basis of study; the issuance of Chinese railway bonds overseas is being actively prepared in an effort to attract foreign businesses to engage in multilayered and multifaceted economic and technological cooperation with our country.

5. *A new situation has been created in the effort to carry out diversified railway operations.* The railway sector as a whole is carrying out diversified operations, expanding the area of operation on the basis of the strengths of the industry, and has thus basically established a business operation system providing mainly extended transport services, including such businesses as commerce and trade, tourism, food catering, advertisement, storage, construction, growing and raising businesses, mining, and industrial production. By the end of 1993, the railway sector as a whole has more than 7,000 diversified operation enterprises, which had fixed assets worth over 3 billion yuan and over 330,000 employees. Recently, the Railway Ministry has officially established the Center for the Development of the Collective Economic Sector of Diversified Operations, which will make unified plans for guiding the development of diversified operations across the railway sector, promoting diversified operations in an effort to achieve new development objectives.

II. The Construction of Key Railway Projects Is Proceeding Smoothly, Thereby Creating a New Historical Standard

Under the guidance of Comrade Deng Xiaoping's southern inspection remarks and the spirit of the 14th CPC Congress, in order to meet the demand posed by the rapid development of the national economy, the Railway Ministry has recently put forward the guiding principle of "trying to relieve the situation and to make adjustments in terms of the near term, being ahead in an appropriate manner in terms of the long term, exploring new paths, and truly performing well the function of an advance unit," and adjusted the railway construction plan for the Eighth Five-Year Plan period, thereby accelerating railway development.

The general demand of railway construction in the Eighth Five-Year Plan period is to fight a battle of annihilation by concentrating forces to complete a number of key projects which will play an important role in promoting the development of the national economy as a whole during the later three years of the Eighth Five-Year Plan period. To that end, the Railway Ministry has formulated the overall plan of "storming the Beijing-Kowloon railway line and the Lanzhou-Xinjiang railway line, fighting and winning a quick battle over the Houma-Yueshan railway line and Baoji-Zhongwei railway line, then conquering East China and Southwest China, and perfecting the Datong-Qinhuangdao railway line by providing support facilities." The railway sector as a whole has conducted emergency mobilization and organized large-scale battles participated in by many forces, thereby accelerating the progress of construction.

There are mainly the following several key projects which are being constructed in an urgent manner:

The 2,538-km Beijing-Kowloon line (from Beijing to Shenzhen, connected to Kowloon) is the No. 1 project for the Eighth Five-Year Plan joint battle. The project started in a comprehensive manner in 1993; track-laying was completed for 390 km of the line that year; it is planned that track-laying will be completed for 1,386 km of the line in 1994; with vigorous effort throughout 1995, the objective of "completing the track-laying through three years of hard fighting" will be able to be achieved.

The 1,622-km Lanzhou-Xinjiang double line (from Wuwei, Gansu, to Urumqi, Xinjiang) and the 500-km Baoji-Zhongwei line (from Baoji, Shaanxi, to Zhongwei, Ningxia) are key projects planned for the purposes of accommodating the petroleum industry's strategy of "stabilizing the east and developing the west," enhancing the Eurasian continental bridge, and developing the economy of the northwest region. The project of the Lanzhou-Xinjiang double line started in September 1992; track-laying was completed for the entire line in September 1994, and the line will be completed and operational in June 1995. Track-laying for the Baoji-Zhongwei line was completed in May this year, and

diversion operation will begin toward the end of the year; and the line will be completed and operational in June 1995.

The first-phase project of the 252-km Houma-Yueshan line (from Houma, Shanxi, to Yueshan, Henan) will be basically completed in 1994; immediately after the completion, construction will begin to turn the entire line into a double line, getting connected to the Jiao-Zhi, Xin-Jiao, Xin-He, and Yan-Shi lines to provide new avenues for transporting Shanxi's coal to the south and the east.

By the end of 1993, in all, track-laying was completed for 688 km of the 912-km Zhejiang-Jiangxi double line (from Hangzhou, Zhejiang, to Zhuzhou, Hunan), which will be completed in 1995, constituting a large-capacity thoroughfare running across East China.

The 898-km Nanning-Kunming line (from Nanning, Guangxi, to Kunming, Yunnan) began to be constructed in 1990, and is planned to be completed in 1997, thereby opening an expeditious passageway to the sea for the three provinces of Yunnan, Guizhou, and Sichuan.

The second-phase project of the Datong-Qinhuangdao line (from Datong, Shanxi, to Qinhuangdao, Hebei) passed state examination and was accepted in 1993; the 100 million-tonne support-facility project for the entire line will be completed in 1995.

The main structures in the project of Beijing's west passenger station will be completed in 1994, thereby making the contour clear, and the project will be able to be put into operation by the end of 1995.

The completion of those key projects will create a good beginning for the great historical development of railways.

III. Transport Production Quotas Have Been Overfulfilled in an Overall Manner

While deepening reforms and accelerating development, the railways have also strengthened transport organization, enhanced management, made use of potentials, and improved efficiency, and have overfulfilled transport production quotas, thereby providing transport support for ensuring the continued, rapid, and healthy development of the national economy. In January-September 1994, the railways produced a volume of passenger transport of 815 million passengers and a volume of freight transport of 1.179 billion tonnes, representing a converted volume of flow of 1,199.1 billion tonne km, a large increase over the comparable period last year. Currently the railways account for 52 percent of the volume of passenger flow and 70 percent of the volume of freight flow produced by our country's modernized transport sector.

Finance & Banking

Foreign Exchange Trading Center To Trade Japanese Yen

OW2802161795 Beijing XINHUA in English 1600
GMT 28 Feb 95

[FBIS Transcribed Text] Shanghai, February 28 (XINHUA)—The Shanghai-based China Foreign Exchange Trading Center will start trading in Japanese yen tomorrow, it was announced here today.

At present, only the U.S. Dollar and the Hong Kong dollar are traded on the exchange. The announcement comes about one month after the State Administration of Exchange Control decided to add more foreign currencies to the center at a national financial conference in January.

Deputy executive president of the center, Pang Jiying, said that the exchange rate of the yen will largely be decided by market supply and demand.

Pang said that the latest decision to trade in yen was based on three things:

Sino-Japanese trade has expanded rapidly in recent years and the price has been quoted in yen more and more frequently in trade deals;

Japanese investment in China keeps growing and an increasing number of Japanese investors have expressed the hope that they can both invest and settle accounts in yen;

China's debt against Japan is fairly large, reaching an all-time high of about 40 percent of total national foreign debt.

He explained that adding the yen to the exchange will help promote foreign trade, improve the investment environment, cut costs and exchange rate risks for foreign investors and foreign-funded businesses, improve the foreign exchange market itself, and enable banks to expand their business.

The deputy president noted that the center will adopt generally-accepted practices governing foreign exchange in order to maintain order in the yen market.

Tokyo NIHON KEIZAI SHIMBUN Report

OW2802020895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Feb 95 Morning Edition p 8

[By Hiroyuku Akita]

[FBIS Translated Text] Beijing, 26 Feb—The Chinese Government has decided to buy and sell Japanese yen on its foreign exchange market starting on 1 March and has accordingly informed the Bank of Japan and other banks which have their strongholds in China. Because of this, direct transactions will be carried out between the yen and the Chinese yuan. It seems that Japanese companies

in China will be able to avoid the risks of foreign exchange dealings. For China's new foreign exchange market, which was formed in April of last year, this also will be a one-step act of progress toward "internationalization."

China will start direct transactions between the two currencies because there is a growing demand for yen in the wake of growing Japanese investment in China. Currently, only U.S. and Hong Kong dollars are sold on the Chinese foreign exchange market. Because of this, Japanese companies in China have to convert their yen into dollars first and then into yuan.

In addition to the fact that this process takes time, the Japanese companies have to bear the risks involving foreign exchange dealings. Therefore, Japanese financial institutions had been asking China to allow the yen to be included in the foreign currencies traded on the Chinese market.

Ningbo Gets Foreign Exchange Remote Trading Center

*OW0103045995 Beijing XINHUA in English 0407
GMT 1 Mar 95*

[FBIS Transcribed Text] Ningbo, March 1 (XINHUA)—The Shanghai-based China Foreign Exchange Swap Center has established its first remote trading center in this port city in east China's Zhejiang Province.

The branch, namely the Ningbo Foreign Exchange Trading Center, offers services mainly for Chinese and overseas finance institutions.

With a modern trading floor, the branch is linked with the Shanghai headquarters by advanced telecommunications, at which traders can deal directly via computer systems.

So far, the branch has accepted seven bank branches—of the Bank of China, the Industrial and Commercial Bank of China, the Bank of Agriculture, People's Construction Bank of China, Bank of Communications, the Commercial Bank of Zhejiang and the International Bank of Ningbo—as its member banks.

The branch has been set up to replace the former Ningbo Foreign Exchange Swap Center, which reported a total transaction value of 80 million US dollars and 180 million Hong Kong dollars after it linked up with the Shanghai center in late December last year.

'Roundup' on Singapore Share Prices After Barings

*OW2702134895 Beijing XINHUA in English 1328
GMT 27 Feb 95*

["Roundup" by Zeng Hu: "Singapore Share Prices Fall on Barings Crisis"]

[FBIS Transcribed Text] Singapore, February 27 (XINHUA)—Share prices on the Stock Exchange of Singapore (SES) fell amid concerns that the derivatives loss of Barings PLC will prompt the UK-based investment bank to sell stock and derivative holdings and drive the market down.

The benchmark Straits Times Industrials Index (STII) plunged 92.59 points or 4.4 percent in early trading, but recovered 55.5 points to close at 2,094.10, still 20.42 points lower than the close of last Friday [24 February].

Barings filed for reorganization after failing to receive recapitalization from other UK banks to cover potential losses of more than 544 million U.S. dollars in Asian derivatives trading.

A derivative is a financial instrument whose value is linked to, or derived from, some underlying stock, bond, commodity, index or other asset.

The Barings crisis was triggered when a single Baring securities derivatives trader in Singapore made investments that lost the bank more than 750 million U.S. dollars, which was more than the company's entire capital and reserves.

The huge loss first came to light last Thursday following the disappearance of the trader at the company's Singapore branch.

The crisis of Barings, one of Britain's top six merchant banks and a major market player in markets in Asia, sent shock waves across Asia, with stocks tumbling in the morning and many units of the British bank suspended from trading.

From Australia to Tokyo, no market appeared immune, dealers said.

The Bank of England said Barings could not continue trading and placed it under its administration.

However, on the Singapore market, investors took some comfort from the SES reassurances later in the day that Baring Securities (Singapore) Pte Ltd would honor its outstanding contracts in Singapore.

The SES said the financial position of the Baring Securities (Singapore) Pte Ltd. was sound and assured that after a preliminary review of the company's financial position, the Singapore subsidiary should have no difficulty in honoring its outstanding contracts.

On the local market, turnover was 205.26 million units valued at 501.46 million Singapore dollars, with losers overwhelming gainers 285 to 23 and 224 counters unchanged.

Some brokers said they would be watching the U.S. and UK markets closely tonight, while others said that the market was still waiting for someone to bail Barings PLC out of its financial crisis.

Statistics Bureau Reports Fixed Assets Under Control

OW2802150395 Beijing XINHUA in English 1400
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China's investment in fixed assets was brought under control last year, according to a report issued by the State Statistics Bureau here today.

The report, on the 1994 national economic and social development, said that total investment in fixed assets in the country in 1994 was 1.59 trillion yuan, an increase of 27.8 percent over the previous year, with a growth rate that was 30.8 percentage points lower than that of the previous year.

State-owned investment was 1.14 trillion yuan, up by 34.2 percent, that of collective concerns was 275.8 billion yuan, an increase of 23.6 percent, and individual investment was 181.4 billion yuan, up 22.9 percent.

Of the total investment by state-owned units, the investment in capital construction was 628.7 billion yuan, up 35.3 percent, and that in technical innovation and transformation was 284.2 billion yuan, up 29.6 percent.

Of the total investment made by state-owned units, the investment in energy rose from 20.7 percent to 21.8 percent, and that in raw materials was 11.9 percent, the same amount as the previous year.

Investment in post and telecommunications facilities rose from 4 percent to 5.3 percent, but that in agriculture continued to decline to 1.9 percent, a drop of 0.3 percentage points from the previous year.

In 1994, China invested a total of 105.1 billion yuan in 151 key construction projects, exceeding the planned target, the report said.

A total of 137 large and medium-sized capital construction projects and 244 large technical innovation and transformation projects were completed and put into operation.

The report said that the scale of projects under construction was still large, noting that by the end of 1994, planned investment in capital construction, technical innovation, and transformation projects was 3.06 trillion yuan, up 31.4 percent over the previous year.

*Article Views Impact of Personal Income Tax Laws

95CE0241A Shanghai CAIJING YANJIU in Chinese
No 12, 3 Dec 94 pp 14-18

[Article by Chu Minwei (0328 2404 0251): "An Analysis of the Reform of Personal Income Taxation in Our Country"] txt

[FBIS Translated Text] It is generally believed that in our country's new taxation system, which was promulgated over a period of time toward the end of 1993, and

which came into effect in 1994, the personal income tax is a tax characterized by a long period of revision and consideration, a relatively early date of promulgation, and good revision results. As the revised personal income tax law has now been in effect for well over half a year, its strengths and weaknesses in terms of the fulfillment of the reform intention, the design of the tax system, and taxation policy have become increasingly obvious; all this provides a more realistic condition for objectively evaluating the merits and demerits of this tax reform and for exploring the problems involved.

I. Background and Initial Effects of the Reform of Personal Income Taxation in Our Country

Just like the background for reforms of other taxes, such as the value-added tax and enterprise income tax, the deep-level background of the reform of personal income taxation was characterized first of all by a situation in which, against a background of the diversification of personal income and the rapid increase of personal income of people in some industries and strata, a phenomenon linked to the development of our country's socialist market economy, not only had per capita income risen rapidly, but the distribution of personal income across society had also changed greatly, and in which the previous situation of egalitarian distribution no longer existed. With the growing gaps between people of different regions, trades, and strata, the Gini coefficient which measures the degree of inequality in social distribution was on the rise in a marked manner. As a result, the necessity of using personal income taxation and other fiscal and taxation means to regulate people's personal income, of using the means of redistribution to maintain the distribution principle of giving priority to efficiency while taking account of fairness under the condition of a market economy, and of gradually turning this tax into an important source of fiscal revenues for local governments became increasingly prominent.

Second, the reform of personal income taxation in our country also had an international background. Since the beginning of the 1980s, amid waves of tax system reforms in countries around the world, many countries have tended to make the modifying and adjusting of personal income tax the focus of tax system reform. The reason is as follows: In countries with developed market economies, the relationship between the government and enterprises is different from that in our country, and thus more attention is given to eliminating the turnover tax's interference in market mechanisms; thus the tax burden on corporations and enterprises is rather light, while the relative weight of turnover tax is also small. Consequently, personal income tax has often become the main tax in those countries, and it has a great impact on such economic variables as consumption, savings, labor, and investment in society, and plays a significant role in government fiscal revenues and expenditures. Because of differences in the situations of the countries, especially in terms of constraints imposed by the reality of low per capita income, it is not yet possible for a personal

income tax to become the main tax in our country at the present time. However, under the situation of our country's accelerated opening up to the outside world, two-way exchanges of trained personnel, labor, and various factors of production were developing day by day, and the occurrence of personal tax problems was also getting increasingly frequent—all this objectively demanded that our country's personal income taxation must accommodate the new situation, on the basis of referring to the international trend towards "broadening the tax base, giving few tax preferences, imposing low tax rates, and being strict in collection and management" in reform of personal income taxation, so that our country's personal income taxation could gradually come to conform to international practices.

Third, the reform of personal income taxation also had a real-life background in regard to the construction of the legal system on taxation. On the one hand, because of the lack of uniformity in tax laws, our country's previous personal income and personal income adjustment taxes were characterized by the phenomena of not being uniform, of being nonstandardized, and of being irrational in terms of many elements of the tax system such as number of taxpayers, items of taxation, deductions, tax burdens, and tax preferences and breaks; therefore it was urgently necessary to revise the tax laws. On the other hand, the basic structure and some parts of the various previous tax laws remained appropriate to the actual situations of different taxpayers and taxation targets in our country. In addition, the tax involved a great many things and people and had a great impact; setting an excessively high objective and trying to complete the job all at once might not have been realistic. Therefore, a majority of people advocated having the previous personal income tax laws serve as the basis and trying to preserve some rational and effective provisions as much as possible, instead of making sweeping changes.

With regard to the initial effects of the new personal income tax law after its promulgation and coming into effect, the reaction from all sectors of society has been rather calm. Domestic and foreign taxpayers did not understand the new tax law and taxation policy very well and were worried in the beginning, but they have gradually come to understand the law and policy well and are no longer worried. As the tax burdens based on wage income and the income of individual business operators have been reduced to some extent, as expense deductions have been increased to some extent, and as, in addition, the government has been lenient in tax collection, urban and rural residents as well as foreign businessmen have generally welcomed the development. Because of such measures as strengthening collection and management, expanding propaganda, and having the leadership bodies take the lead in paying taxes, the collection of the personal income tax is gradually expanding in terms of

its area of coverage. Such collection methods as surrogate withholding and payment and carrying out collection mainly at the source are being gradually popularized. Revenues from the personal income tax have grown rather rapidly; in this regard, especially the tax revenue from wage and dividend earnings which are convenient to surrogate withholding and payment has grown greatly. By the end of August, tax collection amounted to 4.27 billion yuan nationwide, representing a nearly two-fold increase over the amount of tax collected for 1993 as a whole; it is estimated that the collection of the personal income tax can total more than 10 billion yuan for the entire year. Through the promulgation of the new personal income tax law and the putting of the law into effect, urban and rural residents taxpaying consciousness has been enhanced; in regions and units where collection and management capabilities are strong and where collection and management are strict, the situation of excessive income gaps between members of society has been alleviated to some extent.

But from another perspective, the new personal income tax law has also encountered many problems in the process of implementation. For example, some large sources of tax revenues have not been put under control; taxes on some personal income items which should be taxed has not been collected; units which practice surrogate withholding and payment do not yet exist in a sufficiently widespread manner; it has been difficult to implement the practice of filing individual tax returns; the area actually covered by tax collection is far smaller than the area which should be covered by collection under the law; the contradiction between the unity of the tax law and taxation policy nationwide and the differences between regions in the structure of personal income and personal income policy has resulted in the existence of flexible policies in an extensive manner in the localities; the situation of excessive income gaps between members of society still exists, etc. All those situations indicate that the due regulatory role of the personal income tax is far from being given full play, and that the intended objective of revising personal income tax has not been achieved. There are three reasons: First are the loopholes and poorly designed provisions contained in the legislation and implementing rules; second are the ambiguities and defects in some personal tax policies at the present stage; and third are the backward means for collecting personal income tax at home and weak capacity for collection and management. Only by studying and resolving those problems will it be possible to further consolidate and perfect the achievements of the reform of personal income taxation.

II. An Analysis of the Major Elements of the Reform of Personal Income Taxation

To sum up, the major elements of the reform of personal income taxation in our country in 1993 involved the following five aspects: Unifying tax laws, thereby standardizing the scope of taxation jurisdiction; adjusting tax-break items and rules on expense deductions,

thereby unifying the tax base; adjusting tax rates, thereby appropriately reducing tax burdens; referring to foreign methods of handling taxation affairs and introducing international practices; and, finally, adopting the itemized income tax system and using the practice of withholding at the source. In view of the results in practice, those changes have been basically proper and effective, but there are also some deficiencies. The following is an effort to make a brief analysis on the basis of the discussion above of the major elements of the reform.

1. Unifying tax laws, thereby standardizing the scope of taxation jurisdiction.

The new tax law has achieved "combining three taxes into one," expanding the scope of application of personal income tax law so that all natural persons who should pay tax are subject to the same law; in addition, on the basis of strictly applying criteria on residents and non-residents, the scope of taxation jurisdiction has been standardized. In accordance with international practice, the new tax law simultaneously uses the two mutually complementary objective criteria of habitual residence and time of residence, dividing taxpayers into residents and nonresidents in a uniform manner and standardizing the scope of taxation and exemption under residential jurisdiction or territorial jurisdiction.

The major changes are: A) changing from the previous situation where several tax laws were each applicable only to citizens or foreign nationals to a situation where different taxation jurisdictions are differentiated on the basis of uniform criteria for residents and nonresidents, so that the rules on taxpayer status and the corresponding legal tax payment duties have become more rigorous and standardized; B) adopting the additional criterion of habitual residence to facilitate further clarification of the tax payment duties of people with different sources of income such as nonresident citizens, residents not in residence, and those who are neither citizens nor residents, so that in terms of the scope of residential jurisdiction, while nonresident Chinese citizens are properly excluded, nationals sent to work abroad are included; and C) as a further step, distinguishing between the different situations of payments from sources within or outside the country and of people who are the responsibility of institutions at home or abroad with regard to the local income of nonresidents who have been in our country for not more than 90 days consecutively or cumulatively, thereby clarifying the scope of territorial jurisdiction—such differential treatments are proper.

However, the issues regarding taxation jurisdiction which still need to be considered are: According to international practice, a resident should assume unlimited tax payment duties, paying tax on all his taxable income from sources within or outside his country of residence; a nonresident should assume limited tax payment duties, paying tax only on his taxable income from sources within the country of which he is not a resident.

After studying the revised new tax law, this author has come to believe that it is necessary to study the following two issues: A) The previous personal income tax was mainly applied to foreign nationals; based on considerations relating to giving preference to foreigners and collection techniques, it was proper for our country to exempt from taxation a part of income of foreign nationals who had stayed for less than five years, i.e., the part of income consisting of payments from sources outside the country. But the appropriateness of continuing to apply this practice to foreign nationals only becomes debatable under the current situation characterized by unified tax laws and the adoption of residence criteria. B) The key to properly and effectively exercising taxation jurisdiction over nonresidents is to determine the place of origin of sources of income; the new tax law has already emphasized this point, and uses the enumeration method to clearly state the five categories of places of origin of sources of income. But the enumeration method cannot exhaust all items of income from sources within China; therefore, it seems necessary, as a further step, to use the method of rigorous definition to be complemented by the method of exclusion enumeration.

2. Adjusting taxable and exempted items and rules on expense deductions, thereby unifying the tax base.

The merged personal income tax law has unified the tax base. This has been achieved mainly through adjusting and uniformizing taxable and exempted items and rules on expense deductions. Specifically the following has been done: A) Eleven taxable items have been adjusted and made uniform; on the basis of the previous law, taxable items, five items—income from salaries and businesses of individual operators, income from business of enterprises contracted or leased to individuals, income from remuneration for technical services, income from property transfers, and incidental income—have been added, so that the number of targets of taxation has increased. This is basically suitable to the reality of the structure of personal income distribution in our country at the present stage. In this respect, by officially making income from production and businesses of individual operators and income from business of enterprises contracted or leased to individuals taxable items for individuals, it has been made clear for the first time that income of those two categories is not legal person income; in this way the diversity of personal income is recognized as proper. This development is of great significance. At the same time, this development has also laid the foundation for standardizing the shape of the personal income system of our country in a rational manner and for instituting a uniform legal person income tax. B) Items of tax exemption and reduction have been made uniform. In this respect, exempted items have 10 aspects, mainly including awards given by bodies at the provincial-ministerial level or above; interest from savings and state bonds and subsidies; allowances, retirement pensions, and compensation benefits issued by the state in a unified way. Tax reduction items have three aspects. Those uniform tax exemption

and reduction measures have both demonstrated the state's preference policy and standardized and unified the tax base, while curtailing to some extent the phenomenon of tax breaks being given by many bodies in the localities, a phenomenon which has resulted in the erosion of the tax base. C) Expense deductions allowed for wage income have been adjusted and increased; the uniformly applicable amount, set on the basis of the method of fixed amount deduction, is 800 yuan; foreign nationals are entitled to an additional 3,200 yuan expense deduction. This change was based on considerations both of such objective factors as resident income increases, inflation, and fluctuations in the exchange rates, and of the policy of differentiating between nationals and foreign nationals to some extent; this change is proper to some extent.

From the perspective of standardizing the tax base in a rational manner, the problems generated by the aforementioned change which need to be explored are: A) In terms of targets of taxation, although the main taxable items are enumerated, the definitions of some of the items are still ambiguous, resulting in some difficulties in implementation; B) under a situation where the gift tax has not been levied yet, it seems that income from various monetary and physical-good gifts and income from debt elimination should not be put outside the category of taxable personal income; and C) rules on tax exemption and reduction and expense deductions are important elements of the effort to standardize the tax base in a rational manner. The 13 tax exemption and reduction items enumerated in the new tax law are largely equivalent to the "not included" items which should be deducted in the calculation of taxable gross income in foreign countries. This is necessary, but making fixed expense deductions from gross income seems to be too crude and therefore rather unfair. In view of practices in foreign countries, in calculating net taxable personal income, it is necessary to try as hard as possible to take account of deduction elements in three areas: First, expense deductions, that is, expenses necessary for earning the gross income (including the two categories of operational expenses and nonoperational expenses); second, living deductions, which are also called living expense deductions, that is, such expenses as the minimum living expenses and basic medical and health expenses which are not directly related to earning income, and it is proper to use the method of uniform deductions characterized by a fixed per person amount or rate; and, third, supplemental deductions which are also called relief deductions, mainly preferential deductions targeted at the elderly, young children, people living alone, and the disabled, including deduction elements covering dependents.

3. Adjusting tax rates, thereby appropriately reducing tax burdens.

While maintaining tax rates of different categories, the new tax law has respectively adjusted the tax rates for wage income, individual business operator income, and

labor service income, thereby appropriately reducing the tax burdens related to wage income and individual business operator income. A) The tax rates for wage income have changed from having six grades previously to having nine grades in a progressive scheme, and, at the same time, the differentials between the grades have been adjusted; the lowest and highest tax rates are still 5 percent and 45 percent respectively. B) The maximum tax rate for income from business of individual operators has been reduced to 35 percent from 60 percent plus an additional percentage, and there are 5 grades in a progressive scheme; the result is a rather large reduction in tax burdens. C) The 20 percent proportional tax rate is still applicable to the other eight categories of income. But two kinds of income are treated differently; one is authors' remuneration of which 30 percent is exempted from taxation, and the other is that higher tax rates can be imposed on high-level remuneration for labor service.

In terms of giving play to the income regulating role of the personal income tax, the adoption of progressive tax rates is an important sign. The new revised tax law actually uses three sets of different progressive tax rates (as labor service remuneration is covered by additional-percentage tax rates with dual grade differentials, the situation is similar to one of three progressive grades); this is a proper choice. But it should be realized that the progressive tax rates for individual business operator income and labor service remuneration are characterized by rather few grades, and are relatively simplified, while the progressive tax rates for wage income are characterized by as many as nine grades, with the maximum tax rate being kept unchanged; this situation is not in line with the reform trend toward having personal income tax rates become gradually characterized by a situation of "few grades and low tax rates" in foreign countries since the beginning of the 1980s.

4. Referring to methods of handling taxation affairs of foreign countries and introducing international practices.

The tax law and its implementing rules were drafted on the basis of referring to methods of handling income taxation of foreign countries and referring to international practices in many aspects. For example: giving tax credits in our country for tax already paid to foreign countries; using the method of setting country-specific limits for handling the issue of tax credits related to multiple countries; allowing the amount of credit above the limit to be used for deductions within the scope of the balance of tax credit for a number of years; allowing individuals to deduct the part of their income used for donations for educational and other public welfare projects from their taxable income, etc. These changes are conducive to preventing double taxation at the international level; to resolving the taxation distribution relationships between our country and foreign countries in a proper manner; are conducive to properly handling collection-payment relationships between our country's government and transnational taxpayers; and are also

conducive to encouraging high income earners to make donations to educational projects and society's public welfare projects.

5. Adopting itemized income taxation and practicing withholding at the source.

In regard to the method of collection, the new personal income tax has changed, in a uniform manner, from using the comprehensive collection method of the previous personal income adjustment tax into using the method of itemized deductions, itemized fixed rates, and itemized collection, that is, applying monthly collection to wage income, applying annual calculation and collection and monthly prepayment to production and business income, and applying multiple-round collection to several other items of income. Except for production and business income, as a rule the method of source control is used, and units which make income payments will perform withholding. Practice has shown that this method is easy to use and also conducive to controlling sources of tax revenues. But problems of two sorts remain: A) If taxpayer income from bonuses for several months, or such things as year-end bonuses and labor dividends, are taxed monthly, the result tends to be the raising of applicable tax rates for the relevant month, thereby increasing the tax burden. This problem can be alleviated through using the method of monthly apportionment, but the result is that, first, the amount of tax resulting from calculations remains unfair to some extent, and, second, calculations, collection, and management will become even more complicated. B) Under the situation where the annual income remains the same, the tax burden on a taxpayer with a relatively unchanging monthly income will often be smaller than that on a taxpayer whose monthly income varies greatly in terms of amount, thereby leading to a situation of horizontal unfairness where those having the same amount of income would have different tax burdens. Problems of those two aspects demonstrate that the monthly collection method is flawed.

III. Exploration of the Issue of the Tax Rate Policy on Personal Income Taxation

In the process of analyzing the merits and demerits of personal income taxation reform, in the second section this article already analyzed some deficiencies of the tax system structure established by the new tax law. Besides, several issues relating to the taxation policy also need to be explored. The major points are as follows:

1. The taxation policy on stock investment. According to the provisions of the new personal income tax law, with regard to stock investment: First, shareholder income from dividends will be taxed; second, income from transfers of property including securities will be taxed. But the current actual practice is: The former has to be appropriately lax in view of the fact that taxing dividends is in essence double taxation of an economic nature. Thus, a light tax policy, which is also for the

purpose of further encouraging the development of joint-stock enterprises, has been adopted; that is, only the part of dividends representing returns higher than bank interest rates for the same period is taxed; the dividends paid to shareholders in the form of bonus shares is not taxed for the time being. With regard to the latter, in view of the fact that our country's stock market is still in its initial period of development and because of operational difficulties, as a temporary measure income from transfers of securities and property will not be taxed for two years. Presently, the issues which need to be explored in this respect are as follows: A) The issue of double taxation of dividends. To be sure, using the method of taxing the remaining part after deductions based on bank interest rates can prevent double taxation to some extent, but this method is aimed at making sure that shareholders can reap basic gains which are not smaller than savings interest gains; it is questionable whether this is scientific. In this respect, it is proper to refer to many methods used by countries around the world; for example, the dividend deduction system applied to the levying of legal person income tax at the corporation level, the system of apportioned tax rates for dividends and undistributed profits, the system of tax exemption for dividends, and the aggregate credit system governing the levying of personal income tax at the shareholder level. B) Are distributed bonus shares in their nature equivalent to cash dividend income or property income? Will taxing cash dividend income but not distributed bonus shares create unfairness in tax burdens? If the tax exemption policy is applied to distributed bonus shares for a prolonged period of time, what will be the impact on joint-stock company distribution behavior and society-wide income distribution? And so on. These issues should also be explored. C) In order to equalize tax burdens related to income from transfers of security property and income from transfers of other property, and to achieve the objectives of standardizing the stock market and regulating income, from a longterm perspective it is still necessary to tax income from security transfers. But in terms of the taxation policy: First, it is necessary to adopt a light tax policy in view of the large risks involved in such income; second, it is necessary to differentiate between long-term and short-term capital gains on the basis of referring to practices of foreign countries and give long-term-investment tax preferences to those who transfer stocks which have been held for an extended period of time.

2. The taxation policy on prize-linked savings. In recent years, the prize-linked savings "war" in this country has been going on vigorously, with the amount of prize money or goods given (which usually can be evaluated in terms of prize money) growing daily. Because of ambiguities in the taxation policy, no tax is levied so far. Those who disapprove of levying tax on this item of income believe that, first, prize winners have to run risks; second, their source of funds lies in interest income which is tax-exempt under the law; and third, that the

matter is just one of gathering the interest for a large number of savings depositors and constitutes the redistribution of interest. But from an objective perspective, although in general interest income is a tax-exempt item, the income of an individual prize winner greatly exceeds the interest income due to him; thus the nature of the income has changed, and it is not proper to continue to regard it as tax-exempt income; therefore it should be taxed as incidental income.

3. The taxation policy on awards given by bodies below the provincial-ministerial level. The new tax law's taxation policy on various awards first makes uniform the grading of awards given by bodies at the provincial-ministerial level or above and by international organizations and, second, limits the tax-exemption possibility for various enterprises sponsoring awards. The issue which needs to be discussed in this regard is: Should the focus of tax-exemption provisions be placed on the purpose of an award or the grade of an award? If it is the former, then awards given by governments below the provincial-ministerial level should also be covered by a relevant tax-exemption policy or at least there should be a policy of differential treatments for such awards in view of the differences in the recipients of the awards. If it is the latter, it is also necessary to consider a new taxation policy on the awards already in existence which are given in the name of provincial-ministerial bodies but which are actually managed or sponsored by enterprises.

4. The taxation policy on income in kind. The implementing rules of the new tax law explicitly stipulate that "the taxable income earned by individuals includes cash, physical goods, and securities," and details the evaluation method used for calculating personal income tax on physical goods. But, in real life, as it is difficult to determine and calculate personal income in kind, such income is generally not taxed at the present time. Because of such a lenient tax policy and the high inflation rate in society, there will be some harmful consequences: A) Enterprise owners and taxpayers will be encouraged to try to use the method of distribution in kind to avoid the enterprise income tax and personal income tax; B) the trend toward distribution inequality in society will be created and exacerbated; C) guidance effects in the direction of a barter economy are produced, thereby adversely affecting the optimization of the society-wide allocation of resources. In view of all this, financial experts from the IMF believe that however numerous the difficulties are, a country's government must persist in pursuing the policy of taxing income in kind; the way out of the problems lies in achieving control at the source by achieving control of the phase of distribution in kind carried out by enterprises and owners, while adopting other measures to appropriately resolve the issue of distribution in kind carried out by governments and nonprofit units.

5. Taxation policy in time of inflation. This refers taxation adjustment and compensation policies adopted

in time of high inflation to deal with the increase in tax burdens resulting from the use of progressive tax rates. For under progressive tax rates, when there is high inflation, there will be at least two kinds of changes in tax burdens: first, while real taxpayer income does not change or declines, nominal income rises because of rising interest rates or an increase in subsidies. This leads to a natural increase in applicable marginal tax rates, thereby increasing tax burdens. Second, while the amount of nominal expense deduction (or the starting point for taxation) does not change, currency devaluation results in the decline in the amount of expense deduction (or the starting point for taxation) in real terms, and this situation will also increase the burden of taxpayers in a relative manner. Inflation has now been persistently high in our country; this phenomenon is especially prominent in large and medium-sized cities; but the new tax law does not use a taxation adjustment policy to accommodate inflation. Therefore, it is necessary to explore policies on this issue. On the basis of referring to experience of various countries, it is generally proper to adopt the inflation index policy, that is, tying the amount of deduction and the differentials between the progressive grades to the price index. It is also proper to follow a tax-exemption policy toward interest, subsidies, and other income of a price-compensatory nature in the absence of indexation.

Foreign Trade & Investment

Li Lanqing Receives U.S. Brewery Chairman
OW2802140595 Beijing XINHUA in English 1242 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with August Busch III, chairman and chief executive officer of Anheuser-Busch of the United States.

Li noted that after much work, representatives of China and the US have finally signed an agreement on intellectual property rights.

Li reiterated the fact that, since China is the largest developing country in the world and the US the largest developed one, enhancing cooperative ties between the two is beneficial to both, and that a trade dispute would damage the interests of the two countries and their citizens.

The vice-premier expressed his appreciation for and support of cooperation between Anheuser-Busch and its Chinese partners, and expressed his hope that the company can help Chinese brewers to improve their technology and reduce pollution.

It was revealed that Anheuser-Busch, one of the largest breweries in the world, with annual revenues of 13 billion US dollars, has established joint-ventures with China's Qingdao Brewing Co. and Changjiang Brewing Co. in central China's Wuhan City, in Hubei Province.

Joint Ventures Establish Trade Unions

OW0103114795 Beijing XINHUA in English 0953
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—Among 3,000 foreign-funded enterprises in operation in Beijing, as many as 1,316 have already seen the establishment of trade unions, sources at the Municipal Federation of Trade Unions revealed today.

The sources said that 791 unions were set up during the second half of last year, while before there had only been 525 trade unions in overseas-funded enterprises.

According to statistics, the total number of workers in the joint ventures in Beijing came to 280,000 at the end of last year.

It is revealed that the trade unions have played an active role in promoting communication between employers and workers.

However, there still exist some inconveniences in the way of setting up trade unions in small ventures with less than 100 workers, those with the general manager being Chinese, and ventures co-funded by foreign investors and the township enterprises.

The US general manager of Beijing's Sheraton Great Wall hotel has said that he welcomes criticisms and suggestions from the hotel's trade union and vowed to improve the professional quality of some of its US management staff members.

Aircraft Company Absorbs Other Transport Firms

HK0103081695 Hong Kong EASTERN EXPRESS in English 1 Mar 95 p 25

[By Ken Lo and Wang Xiangwei]

[FBIS Transcribed Text] Xian Aircraft International, one of the second batch of 22 Chinese companies officially approved to seek overseas listings, has just completed a massive asset injection programme by amalgamating six other Chinese aircraft and motor vehicle groups, a company spokesman said yesterday.

The restructuring is expected to enlarge its assets by at least seven times, making its asset value similar to that of the whole Jardine Group, according to the accountants in Hong Kong. That probably means that the company, intending to come to the Hong Kong market in the latter half of this year, will also increase the size of its H share issue, analysts said last night.

According to the estimate of DBS Securities, Xian Aircraft International originally planned to raise \$800m through a public float in Hong Kong. Market sources said the value of assets in each of the six projects was equivalent to that in Xian Aircraft International.

The six new injections come from Harbin Aircraft Manufacturing, Harbin Dongan Aircraft Engine Manufacturing, Shanxi Aircraft Manufacturing, Changhe Aircraft Manufacturing of Zhejiang Province, Nanjing Jincheng Machinery Manufacturing of Jiangsu Province, and Nanfang Power Equipment Manufacturing of Hunan Province. Analysts said that the reason for the massive injection is that the Chinese Government earlier announced that it intends to rely on mainly the foreign capital to speed up the upgrading of its aviation industry. The six industrial groups are mainly involved in the production of aircraft, light-duty trucks, and motorcycles.

Analysts said that after the injections, Xian Aircraft International will have a higher income contribution from car manufacturing than from its aircraft division.

The company spokesman said yesterday that contrary to market rumours, it was preparing the listing at full speed and intended to come to the market before the end of this year. He confirmed that the company's listing application had not been approved by the State Planning Commission and China Securities Regulatory Commission. However, he added that it was just a matter of time.

Market sources said that the U.S. investment bank JP Morgan, the lead manager of the H share issue, intended to price the issue at a multiple of below 10.

Although the spokesman declined to give details about the company's financial performance last year, press reports have indicated that the company rang up sales of 742.9 million renminbi (about HK\$720.6 million) in 1993, ranking it 379th among China's 500 largest industrial enterprises.

Xian Aircraft Manufacturing was established in 1957 with assistance from the Soviet Union, producing aircraft for military and civilian purposes. Recently it has diversified into the car components industry as well as manufacturing aircraft components for Boeing and Airbus Industrie.

The accountants Price Waterhouse have replaced Arthur Anderson as the company's auditors. Sources from Price Waterhouse said that the accounting firm had used almost all its accountants to work for the aircraft manufacturer, which is expected to earn the firm U.S.\$1m (about HK\$7.8m) in fees.

First Air-Compressor Joint Venture Launched in Guangdong

OW0103052195 Beijing XINHUA in English 0213
GMT 1 Mar 95

[FBIS Transcribed Text] Guangzhou, March 1 (XINHUA)—China's first joint venture specializing in the production of complete sets of air conditioners/compressors went into operation in this capital of south China's Guangdong Province Tuesday [28 February].

The Matsushita Wanbao (Guangzhou) Air Conditioner/Compressor Company Ltd, jointly funded by Japan's Matsushita Electric Company Ltd and the Wanbao Electrical Apparatus Company Group of Guangzhou, involves an investment of 2.5 billion yuan in the first phase.

Covering a construction area of 250,000 sq km, this joint venture has an annual capacity of 300,000 air-conditioners and one million air-compressors, with the total output value expected to reach three billion RMB yuan. Subsequently, China's imports of air-compressors will shrink by 20 percent a year.

With all of its advanced technical facilities supplied by the Japanese side, the company will implement the TQC [expansion unknown] overall quality management system.

Its products will consume 17 percent less electricity than conventional models, according to a spokesman for the joint venture.

Sources said that the products will conform to the standards laid down in the Chinese Certificate for Imported Electronics (CCIE) and the Japanese Industrial Standards (JIS).

Moreover, the firm is expected to put 15 percent of its products onto the international market within one to three years.

Cold-Rolled Silicon Steel Exported for First Time

OW0103020995 Beijing XINHUA in English 0100
GMT 1 Mar 95

[FBIS Transcribed Text] Wuhan, March 1 (XINHUA)—The Wuhan Iron and Steel Group (Wugang) has exported 200 tons of cold-rolled silicon steel.

This is the first time that China has exported this type of steel, which it used to import.

The consignment was the first part of a batch of 4,500 tons of cold-rolled silicon steel which a Hong Kong company has ordered.

Sources say that Wugang, which is the only plant in China capable of making this type of steel, will export 15,000 tons of cold-rolled silicon steel this year.

Wugang introduced the technology and equipment for making cold-rolled silicon steel from abroad in 1974. But the contract for the new equipment prohibited Wugang from exporting this type of steel for 20 years.

Eastern Provinces Accelerate Opening Drive

OW2802033895 Beijing XINHUA in English 0258
GMT 28 Feb 95

[FBIS Transcribed Text] Shanghai, February 28 (XINHUA)—East China, which comprises Shanghai, Jiangsu,

Zhejiang, Anhui, Shandong, Fujian and Jiangxi, has set new targets for accelerating the opening drive.

At the beginning of this year, the governments of the provinces and municipality announced new plans to take advantage of both domestic and overseas resources and markets and uplift economic development. They all attach importance to the development of an export-oriented economy.

Shanghai stresses the readjustment of industrial structure and the establishment of an economic, trading and financial center, and plans to increase the annual export volume from the present nine billion U.S. dollars to 15 billion U.S. dollars in 1997. It will put emphasis on both the quantity and quality of foreign investment.

Jiangsu aims to increase exports by 18 percent to 10.8 billion U.S. dollars this year. It plans to use more foreign investment in agriculture, basic urban construction and material supply.

Fujian Province plans to take its geographical advantage of being near Hong Kong, Taiwan and the Pacific Ocean to develop foreign trade. It will attach importance to the development of a number of high-tech and export-oriented enterprises.

Shandong expects to make better use of its abundant resources to advance foreign trade. Zhejiang, Anhui and Jiangxi wish to cooperate with the Pudong New Area of Shanghai to push up their own growth. They hope that the rapidly developing economy of Shanghai will be able to bring their economy onto the fast track of growth.

The areas are actively improving the investment environment and have started to work on various management standards and regulations in line with international practice.

Export Commodities Fair Opens in Tianjin

OW0103110995 Beijing XINHUA in English 0834
GMT 1 Mar 95

[FBIS Transcribed Text] Tianjin, March 1 (XINHUA)—An export commodities fair opened today in this north China's port city, aiming at promoting economic and trade exchanges with other countries and regions.

The fair, one of China's six-largest regional fairs apart from the Guangzhou Trade Fair, is jointly sponsored by 13 northern Chinese provinces, municipalities and autonomous regions, including Beijing, Tianjin, Qinghai, Gansu and the Inner Mongolia, Ningxia Hui, Xinjiang Uygur and Tibet autonomous regions.

Taking part in the fair are 305 export-oriented enterprises from northern and western China and 60 companies from countries and regions including the US, Germany, Italy, Japan, the Republic of Korea, Singapore, Cyprus, Hong Kong and Taiwan.

While displaying some 10,000 kinds of export commodities with northern and western Chinese characteristics, some 200 hi-tech and applied agricultural technologies and related products developed by the state and local science and technology commissions are also on show at the fair. It is the first time that Beijing showed its hi-tech products.

The major exhibits of the foreign firms are motor vehicles, house electric appliances and office automation equipment and garments.

Another regional trade fair will open in Shanghai March 5.

Agriculture

Jiang Chunyun Addresses Rural Work Conference

OW2802052695 Beijing XINHUA Domestic Service in Chinese 1047 GMT 24 Feb 95

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter Jiao Ran (3542 3544)]

[FBIS Translated Text] Beijing, 24 Feb (XINHUA)—On 24 February, the CPC Central Committee and the State Council called a rural working conference in Beijing. The meeting's major agenda was to carry out an in-depth implementation of the guidelines set forth at the Central Economic Working Conference, to implement various decisions adopted by the CPC Central Committee on strengthening the agriculture, and to arrange this year's agricultural and rural work. At the opening ceremony, Jiang Chunyun, CPC Central Committee Political Bureau member and CPC Central Committee Secretariat member, delivered an important speech entitled "Comprehensive Implementation of the CPC Central Committee's Decision on Strengthening Agriculture and Acceleration of the Pace To Develop Agriculture and the Rural Economy."

Attending the meeting were Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau; and Ding Guangen, Li Lanqing, Li Tieying, Wu Bangguo, Zou Jiahua, Qian Qichen, Wen Jiabao, Ren Jianxin, Chi Haotian, Song Jian, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, and Luo Gan, leading comrades from the CPC Central Committee and the State Council. Wen Jiabao presided over this morning's meeting.

During his speech, Jiang Chunyun said in line with the main points of work decided by the Standing Committee of the CPC Central Committee Political Bureau, the guiding principle and major tasks for this year's agricultural and rural work are as follows: Guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, conscientiously implement the guidelines set forth at the 14th CPC National Party Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee,

and the Central Economic Working Conference; implement the party's basic policies for rural areas; deepen rural reform; fully mobilize farmers' initiative; truly increase investment in the agricultural sector; raise agriculture's comprehensive production capability; improve agriculture's production conditions; try every possible means to reap bumper harvests; bring about comprehensive agricultural and rural economic development; ensure the effective supply of major agricultural products; ensure an increase in farmers' incomes; and ensure social stability in rural areas.

In his speech, Jiang Chunyun said in recent years the CPC Central Committee and the State Council have adopted a number of major policies and measures to protect farmers' interests, to mobilize farmers' initiative, and to bring about agricultural and rural economic development. All levels of departments have done a large amount of work and achieved marked results in implementing those policies and measures. The agriculture and rural economy have witnessed great development. The situation has been good. However, big gaps still remain. Some policies and measures have either not been implemented or not been completely implemented. Of course, there are many causes for that, but in the final analysis, the causes can be attributed to a lack of a good ideological understanding. Many comrades still lack a deep understanding of the particularly important significance of handling well the agricultural, rural, and farmer problems in the course of China's shifting toward a socialist market economic system. Agriculture is a basic industry that generates high social benefits but yields low benefits for itself. It is also a weak sector with high market risks and with many nature-related risks. Driven by comparative benefits, major means for production including capital, land, materials, technology, talents, and a highly skilled labor force tend to move from the agricultural sector to the more efficient secondary industry and tertiary industry. Comrade Jiang Zemin once pointed out: "In the course of developing a socialist market economy, if we do not have a strong and effective macro economic readjustment and control and if we purely rely on market regulation, then the gap between the development speed of industry and agriculture, between the incomes of urban and rural citizens, between the economic development of the developed underdeveloped regions will be widened day by day." In recent years, despite adopting several major measures, we still fail to effectively reverse the trend of the ever widening of those gaps. Agriculture has now become the weakest link in the national economy. If this situation is left to continue, not only will China's rapidly developing economy lack a solid foundation, contradictions in social life will become more conspicuous. That will seriously affect the party's overall work. In the long run, China's agriculture faces, on one hand, the tremendous pressure of population growth and fast improvement in living standards and industrialization and, on the other, the severe restrictions imposed by a dwindling farmland, shortages of water resources, and a weak infrastructure.

For this reason, under the new situation of developing a socialist market economy, we must pay more attention to agriculture, the countryside, and rural problems than we ever did. Party committees and government at all levels and comrades in all walks of life must approach this issue from the strategic viewpoint of overall national interests and fully appreciate the utmost importance and urgency to strengthen agriculture as the foundation of the national economy, promote agricultural development, and bring about prosperity and progress to the countryside. We should implement the important central policy of strengthening agriculture with great determination, courage, and energy and push China's agriculture and rural economy to a new level after years of hard work.

Jiang Chunyun pointed out: A summing-up of experience of localities indicates that the following points merit close attention in implementing the central policy on agriculture and managing rural reform and development: In making work arrangements, it is essential to properly handle the relations between the primary, secondary, and tertiary sectors in the economy and truly make agriculture the top priority in economic work. Party committee and government at all levels must take overall charge and assign principal leaders to personally take charge of agriculture and rural work. It is necessary to readjust and rationalize the rural production structure and, while ensuring that grain production will increase, follow a path of combining crop farming with livestock breeding, processing, and transportation to bring about an efficient economic cycle for the rural economy. We should deepen rural reform, guide the farmers to enter the market as capable traders, open up wider to the outside world, and develop a highly efficient agriculture that provides greater and better yields. We should give energetic support to the development of agricultural science and technologies, speed up the transformation from traditional agriculture to modern agriculture, devote more efforts to the development of agriculture infrastructure, improve rural production conditions and the environment, expand the channels of funding, and be more willing to increase investment in agriculture. We should promote both the material and spiritual civilizations, persist in the principle of giving equal emphasis on both and doing well in both, and create a good social environment for the development of agriculture and the rural economy.

Speaking of the principal tasks of this year's agricultural production, Jiang Chunyun said: This year's grain output target is set at 455 billion kg and cotton at 90 million dan. There should also be an appropriate increase in the output of oil-bearing crops, sugar-yielding crops, meat, aquatic products, vegetables, and fruits. He said that it is of especially great significance to accomplish this year's tasks for agriculture and the rural economy. Party committees and governments at all levels and relevant departments must have a strong sense of responsibility and urgency and inspire the broad ranks of cadres and people to work hard. We must see to it that

a bumper crop is reaped if this year turns out to a normal harvest year; even if there are natural disasters, we still have to minimize the damage and reap a good harvest. To this end, we must see to it the following eight points are truly carried out: (1) Leadership attention. Party committees and governments of the provinces, municipalities, and autonomous regions must devote great energies on agriculture and rural work while authorities at the prefectural, city, and county levels should go one step further by devoting most of their energies to them. Achievement in regard to agriculture and rural work will be a principal criterion in evaluating the performance of party committees and government at all levels. Governors should take overall responsibility for grain production while mayors are responsible for the "vegetable basket." The top party and government leader at all levels must personally investigate and study problems related to agriculture and the rural economy, formulate counter-measures and put them into effect with efficiency. Under the leadership of the party committee and government, relevant departments should closely cooperate with one another to pool the efforts of all levels into agriculture. (2) Capital investment. It is necessary to increase investments in agriculture, firmly cut down the scale of capital construction, and vigorously slash a number of capital construction projects to make funds for strengthening agriculture available. Budgeted funds for supporting agriculture, capital construction for agriculture, and agricultural loans must be really earmarked this year. (3) Policies for supporting agriculture. Funds for loans supporting major grain and cotton growing counties, demonstration zones of "high-yield, high-efficiency, and fine-quality" agriculture, and the development of village and town enterprises in middle-west China must match the scales of projects, be ensured, and put into production and construction on time. Efforts should be made to ensure the production and supply of means of agricultural production and to meet the needs for agricultural production. Work should be continued to lighten the burden on peasants and resolutely stop and correct the practices of unwarranted exaction of fees, arbitrary requisition of donations, and pooling of funds from peasants under all kinds of pretexts. (4) Policies for purchasing and marketing grain and cotton. The policies for purchasing and marketing grain and cotton determined by the State Council must continue to be implemented, executed, and improved to encourage peasants' enthusiasm in increasing grain and cotton output. (5) Infrastructural construction for agriculture. With a view to fighting disasters and ensuring bumper harvests, it is necessary to strengthen the harnessing of major rivers, lakes, and dams; extensively launch construction of water conservancy works; continue to preserve water resources and soil; step up the pace of greening; intensify comprehensive agricultural development and the work of aiding the poor through developing production; establish and institute the system for protecting basic farmland and crop-growing land; and strictly control the occupation of farmland for non-agricultural production purposes. (6) Popularization of agricultural technology.

It is necessary to vigorously promote and popularize agricultural technology; key agricultural technological projects must be promoted one by one. Meanwhile, problems in scientific research for agriculture must be properly tackled and agricultural technology should be introduced. It is necessary to beef up the ranks of agricultural technologists, fully arouse their enthusiasm, extensively launch mass training on science and technology, and improve peasants' knowledge of science and culture. (7) Deepening rural reform. It is necessary to stabilize and improve the dual management system with the household contract responsibility system with remuneration linked to output as its focus, gradually enhance the strength of collective economies, and establish and improve the socialized service system for agriculture. We should vigorously develop managing entities that integrate trade, industry, and agriculture, and combine production, supply, and marketing to promote the industrialization of the rural economy. Qualified localities should gradually introduce optimum scale farming according to the wishes of peasants and actively, but steadily, promote various forms of the shareholding system and cooperative shareholding system. Greater efforts should be made in reforming supply and marketing cooperatives in rural areas and the reform of rural cooperatives must be accelerated. (8) Construction of grassroots organization. We should conscientiously translate the guidelines of the national work conference on the construction of rural grassroots organizations into action, make great efforts to engage in the coordinated construction of village-level organizations with party branches as the core, and fulfill the central authorities' demand for constructing rural grassroots organizations in an all-round way through the establishment of a management mechanism aiming at improving service functions and through the establishment of a work system mainly focusing on democratic management.

Jiang Chunyun stressed: Under the circumstances of developing a socialist market economy, it is a creative and grand cause to step up agricultural development and achieve agricultural modernization. The task in front of us is extremely arduous and there are many new problems to be approached and solved. All rural cadres must comply with the demand of the central authorities: study, study, and study more; be pragmatic, pragmatic, and still more pragmatic. Under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, we should unite together, exert ourselves, emancipate our minds, blaze new trails with a pioneering spirit, comprehensively carry out the central authorities' important policies for strengthening agriculture, step up the pace of developing agriculture and the rural economy, properly proceed all kinds of rural work, and make new and greater contributions to the overall situation of safeguarding reform, development, and stability.

Attending this meeting were: deputy secretaries and vice governors in charge of agricultural and rural work from party committees and governments of various provinces,

autonomous regions, and municipalities; and responsible comrades of relevant ministries and commissions under the CPC Central Committee and State Council.

RENMIN RIBAO on Conference

OW2802152195 Beijing XINHUA Domestic Service in Chinese 1227 GMT 28 Feb 95

[RENMIN RIBAO 1 March editorial: "Achieve Unity in Understanding, Pay Close Attention to Implementation—On Implementing the Guidelines of the Central Rural Work Conference"]

[FBIS Translated Text] Beijing, 28 Feb (XINHUA)—The central rural work conference came to a triumphant conclusion in Beijing yesterday [28 February]. This is another important conference convened by the party central committee and the State Council, following the two central rural work conferences held in October 1993 and March 1994. The conferees earnestly summarized and examined the progress in implementing various policy decisions adopted by the central authorities to strengthen the position of agriculture, exchanged work experiences, and mapped out the tasks for this year's work. General Secretary Jiang Zemin and Premier Li Peng gave important speeches at the conference. The conference has once again shown the determination and clear-cut guidelines of the party central committee and the State Council to make agriculture the top priority of economic work. In implementing the conference guidelines, it is of utmost importance to mobilize all party members and to assign responsibilities at each level in promptly implementing to the letter the various policy measures of the party central committee and the State Council on supporting agricultural development and protecting farmers' interests, striving to win an all-around agricultural bumper harvest this year so as to lay a sound foundation for the smooth realization of the second-step strategic goal for national economic and social development before the end of this century.

Since the 14th CPC National Congress was convened, the party central committee and the State Council have attached great importance to agriculture, farmers, and rural work, persistently making agriculture the top priority of economic work; holding many important meetings to study the question of agriculture; and introducing a series of policy measures on providing support for agricultural production, protecting farmers' interests, and harnessing their enthusiasm. The practice has proved that these policy measures are correct. As a result of the enthusiastic implementation of the central authorities' policy decisions by all localities and departments, rural work has been strengthened, input into agriculture has been increased, and various measures for increasing production has been reinforced to some extent. Last year, despite serious natural disasters that hit quite a few localities, agriculture saw a relatively good harvest, the rural economy developed in an all-around way, and farmers' incomes increased conspicuously. However, we

must realize that the current situation of agriculture in China remains very grim; agriculture as the foundation of the national economy is rather weak. Problems that should not be neglected exist especially in the production of such staple farm products as grain, cotton, and edible-oil crops which have a bearing on the national economy and the people's livelihood. This situation, if not promptly improved, is bound to seriously curtail the sustained, rapid, healthy development [chi xu kuai xu jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy.

At present, the key to changing the seriously sluggish situation in agricultural development and pushing agricultural production to a new level lies in paying close attention to the implementation of various policy measures. In recent years, the party central committee and the State Council have adopted a series of policy measures for protecting and strengthening the position of agriculture in various fields, such as stabilizing and perfecting the responsibility system with household contracting linking remuneration to output as the main form and the two-tier system of combining unified management with independent management; guaranteeing funds for procuring farm products; lightening farmers' financial burdens; reforming the purchasing and marketing system of grain and cotton; raising the procurement prices of grain and cotton; establishing risk funds for grain and cotton and the state reserve systems; establishing a capital farmland protection system; supporting grain- and cotton-producing regions to develop the economy; setting up model zones of high-yield, high-quality, and high-efficiency agriculture; supporting the central and western regions to develop village and township enterprises; energetically promoting the rejuvenation of agriculture with education in science; increasing input through diversified channels; stepping up efforts at comprehensive agricultural development and at helping poor areas to develop the economy; and so on and so forth. Various localities and departments have done a great deal of work in implementing these policy measures and achieved quite remarkable success. However, there still exist comparatively large gaps; the major one is that some policy measures have not yet been carried out, or have not been fully carried out, and the implementation of the measures is uneven in various localities, obstructing agriculture from advancing to a higher level and from making a new breakthrough. For this reason, the central link of agriculture and rural work at present is to seriously implement the party's policy measures.

Some localities and departments have not done a good job in implementing relevant central policy decisions on strengthening agriculture because of various reasons; but in the final analysis, it is a matter of ideological understanding. During the shift from a planned to a socialist market economy, many comrades still lack a thorough understanding of the special importance of handling well agriculture, rural area and peasant issues. The good situation of economic development gives some comrades

the misconception that, under the conditions of market economy, agricultural production will automatically develop so long as the prices are decontrolled and peasants are given operational autonomy, and that the government may take a laissez-faire attitude. They do not realize that for a considerably long period under the conditions of a market economy, agriculture is always in a weak position and must be protected. Even in developed capitalist countries, agriculture enjoys government protection so far. It is not only because agriculture is subject to the restrictions of natural conditions and many other factors, as well as to great risks and instability, but also because relative benefit spontaneously makes capital, land, materials, technical personnel, and a high-quality labor force move toward the secondary and tertiary industries of high economic returns, thus hurting agriculture in a varying degree. China's agriculture is small in scale and low in the level of productive forces, and suffers frequent natural disasters. Moreover, the country's population of 1.2 billion puts a great demand on agriculture. These special national conditions have particularly determined that the government and the society must attach a high degree of importance and provide a strong support to agriculture.

Some comrades believe that seizing the opportunity to accelerate development at present means undertaking a business which yields quick profit. So, they love to start new projects, blindly engage in real estate development, and blindly seek high output value and a high growth rate. As a result, their planning and capital investment do not reflect the status of agriculture as the foundation of national economy. There are also some comrades who unrealistically place their hope on other regions and rely on the state to solve the grain problem. They think that grain can always be bought with money. They simply do not know that such thinking is one-sided and dangerous. Agriculture is the foundation of the national economy; while this is true for the country as a whole, it is also true for a region. A whole is composed of parts. Only when we join up to strengthen agriculture, can the foundation become solid and strong. If all regions place their hope on others or rely on the state and attach no importance to agriculture, both the interest of the whole and the interest of the parts will be hurt. Departments involved in agriculture shoulder a heavy responsibility for implementing agricultural policy and measures. They should, in particular, have a clear understanding of their responsibility as government departments, approach the work from an overall point of view, put overall interests first, keep firmly in mind the idea of serving agriculture, fully implement the policy of the CPC Central Committee and State Council for supporting agriculture, and spare no efforts in helping localities overcome real difficulties. We should approach agriculture from a political, overall, and strategic perspective. Only when we reap a good agricultural harvest—when there is ample supply of grains and nonstaple foodstuffs and the supply of essential agricultural goods is increased—can we alleviate the pressure of inflation, meet society's needs, and preserve

social stability. Only by reaping a good agricultural harvest can we effect gradual changes in the situation of lagging agricultural development and provide secondary and tertiary sectors in the economy with a greater supply of raw materials and a growing market and help the national economy maintain a sustained, rapid, and healthy growth. Only 6 years are left to accomplish our goals of attaining the mark of 500 billion kg of grain and securing a well-off livelihood for the farmers by the end of the century; the tasks ahead are formidable. A relatively greater increase in grain production and farmers' income this year will lay a solid foundation for the attainment of the aforementioned twin goals. Failure to increase production and income this year will make our work more difficult in the remaining 5 years. All in all, a good agricultural harvest is of great, far-reaching importance. Party and government leaders at all levels and relevant departments must have a very clear understanding of this.

It is necessary to unify our understanding for the sake of effective implementation. This central rural work conference stressed "eight points of implementation." They are: Leadership attention, capital investment, policies for supporting agriculture, infrastructural construction for agriculture, policies for purchasing and marketing grain and cotton, popularization of agricultural technology, deepening rural reform, and construction of grass-roots organizations. Of the eight, leadership attention is the prerequisite and the key factor. CPC committees and governments of provinces, municipalities, autonomous regions and principal leaders at the prefectural, city, or county level must concentrate most of their energies on the primary task. The CPC Central Committee and State Council have long ago demanded that governors take personal charge of grain production while mayors be responsible for the "vegetable basket." This central rural work conference explicitly requires government at all levels, the provincial level in particular, to assume the responsibility of balancing grain supply and demand in their respective regions. In implementing the system under which governors assume full responsibility, we should establish vigorous and efficient work groups and provide more effective supervision, inspection, coordination, and guidance over agricultural work. In view of the tendency of neglecting agriculture that has emerged in some localities in recent years, it is necessary to make the amount of attention paid to agriculture, development of the agricultural economy, and increasing farmers' income a principal criterion in evaluating the performance of party committees and government at all levels.

Numerous facts show that party-wide consensus is essential for the effective implementation of the party's policy on strengthening agriculture. We believe that we will—under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, with the guidelines of this central work conference as a boost, and with the whole party united in its understanding and working as

one—certainly accomplish this year's goal of agricultural growth and push agriculture and the rural economy to a new level.

Experts Pessimistic on 1995 Cotton Procurement

HK0103055095 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1152 GMT 13 Feb 95

[By Reporter Yu Min (0151 2404): "China May Face Cotton Shortage This Year"]

[FBIS Translated Text] Hong Kong, 13 Feb (ZHONGGUO TONGXUN SHE)—Following last year's strain on cotton supplies, the 1995 cotton-supply situation on the mainland brooks no optimism.

Some mainland experts have pointed out that lowered cotton production in a large number of cotton-growing areas in 1993 led to a decline in the state's regulation capacity, and to a considerable strain on cotton supplies in 1994. In 1994, the land sown to cotton increased 9.6 percent over 1993, and the cotton output is estimated to reach 84 million piculs, up 8 percent over 1993. Though the central government has further reformed the criteria for cotton, adjusted the rank difference rates [deng ji cha lu 4583 4787 1567 3764], and increased the purchase price for cotton, the 1994 task of purchasing 90 million piculs of contract cotton can hardly be fulfilled. It is expected that the government will have great difficulty in purchasing cotton ordered in 1994, and that cotton prices will be jacked up and cotton adulterated, which will throw the purchase of cotton into disorder. The state should take effective measures to ensure that the cotton purchase proceeds smoothly. Nevertheless, the situation with respect to cotton supplies in 1995 brooks no optimism.

Experts have predicted that the sales of garments will continue to grow steadily in 1995, with the retail sales of garments increasing by 23.6 percent to 283.3 billion yuan, accounting for 15.2 percent of the total retail sales of consumer goods.

Agriculture Ministry Designates Industrial Zones

HK2702050695 Beijing RENMIN RIBAO in Chinese 16 Feb 95 p 2

[Report by reporter Xia Jun (1115 8823): "Ministry of Agriculture Designates 50 Town and Township Industrial Demonstration Zones"]

[FBIS Translated Text] Beijing, 15 Feb—The Ministry of Agriculture today designated a batch of 50 small town and township industrial zones, including Daqiuzhuang Town located in Jinghai County of Tianjin City, as the country's first batch of town and township industrial demonstration zones. A comrade in charge of the Ministry of Agriculture's Town and Township Enterprise Bureau said that the move was aimed at guiding the country's town and township enterprises toward concentrated and integrated development.

Sources said that the first batch of 50 industrial demonstration zones was selected from among those highly recommended by various provinces, municipalities, and autonomous regions, including 35 industrial zones located in central-east China and 15 industrial zones located in central-west China. The combined output value of town and township enterprises within the 50 industrial zones stood at 56.1 billion yuan in 1993, with their combined amount of profits and taxes, and their combined export volume reaching 5.7 billion yuan and 8.5 billion yuan, accounting for 1.9 percent, 2 percent, and 3.7 percent of the country's total, respectively. The 50 industrial zones share the following characteristics: Each has implemented a scientific and rational zone construction plan; established highly efficient and comprehensive organization and management institutions; built guiding industries that conform to local conditions; made rational arrangements for the development of both key and auxiliary industries; built guiding enterprises capable of an output value of more than 50 million yuan each, as well as a series of well-known, highly competitive products; built relatively complete infrastructure facilities; guaranteed supplies of water, electricity, communications, telecommunications, and leveled land; and developed a tertiary industry capable of employing 15-50 percent more surplus rural labor than the country's average industrial zones.

Of these 50 demonstration zones, the Daqiu Zhuang Town and Township Enterprise Zone, located in Jinghai County of Tianjin City, boasts the highest output value, as well as the largest amount of profits and taxes, standing at 5.18 billion yuan and 560 million yuan, respectively (these figures and other figures below were recorded in 1993). The Dachen Industrial Zone, located in the Zhejiang Province city of Yiwu, boasts the highest per capita income, standing at 8,100 yuan. The Beijiao Town Industrial Zone, located in the Guangdong Province city of Shunde, boasts the highest export volume, standing at 1.19 billion yuan. Shanghai's Songjiang Industrial Zone boasts the largest amount of investment in infrastructure facilities, standing at 650 million yuan. The Shengze Town Spark Silk Concentration Zone, located in the Jiangsu Province city of Wujiang, boasts the highest value of fixed assets, standing at 1.2 billion yuan. In addition, the Beijiao Town Industrial Zone, located in the Guangdong Province city of Shunde, has scored 4,912 credits, the highest among the 50 zones.

Fujian Takes Measures To Protect Farmlands

HK0103124795 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 17 Feb 95

[FBIS Translated Excerpt] A provincial meeting on land utility system reform concluded yesterday. At the meeting, Governor Chen Mingyi signed contracts of responsibility for protection of farmlands with mayors and commissioners of nine prefectures and cities, thus putting 15 million mu of the province's farmlands in the basic farmland protection zone, accounting for 82 percent of the province's cultivated acreage. The contracts

of responsibility explicitly outline the duties, measures, and assessment methods for these prefectures and cities to protect basic farmlands. The contracts provide: From now on, applications for permits must be submitted to the provincial land management department for the use of farmlands for nonagricultural purposes, and land utility charges must be paid according to the relevant regulations. Willful occupation of farmlands will be dealt with according to the relevant regulations. [passage omitted]

Wang Jianshuang, member of the provincial party committee's standing committee and executive vice governor of the province, made a summation, saying that all levels of governments must take effective measures to protect farmlands and stabilize cultivated acreage. [passage omitted]

Guangzhou Issues Regulations To Control Land Use

HK0103073695 Beijing CHINA DAILY in English 1 Mar 95 p 3

[By Li Zhuoyan: "City Wants More Land Control"]

[FBIS Transcribed Text] Guangzhou—This capital city of South China's Guangdong Province has resolved to have better control over use of its land.

It is putting into effect today a regulation on land use for that goal.

"The regulation aims at stopping the disorders in the use of land and building up a healthier land and real estate market," said Dai Zhiguo, vice-mayor of Guangzhou.

The regulation, known as the Guangzhou Regulation of Land Administration, stipulates that all land, either state- or collectively-owned, should be used under unified planning of the municipal government and the random development of land should be stopped.

Special protection areas for agriculture, water conservation scenic spots, parks, and places of historical interest should be set aside from industrial construction in the city's land development plan.

Rapid industrial and real estate development in recent years has eaten up a huge amount of crop land in Guangzhou.

Since 1992, the total area of the city's farmland has decreased by more than 3,266 hectares.

And now, Guangzhou's average per capita crop land has dropped to 0.37 mu (0.025 hectares), much less than the average 1.3 mu (0.08 hectares) for the country and the least among the major cities.

Agricultural production will enjoy priority in our planning," Dai said.

The new regulation stipulates all land occupied by local governments exceeding their power will be confiscated and returned to farming.

Dai said development projects approved by some district and township governments exceeding their power involved land totalling 4 million square metres.

"These illegal activities have brought chaos to the local real estate market and harmed the interests of local residents," Dai said.

For instance, buyers of commercial housing developed illegally by some towns on the outskirts of the city

suffered great losses when the property was confiscated by the city government.

The regulation encourages transferring land use rights through public auction and bidding.

Land use rights are sold mostly through negotiations at the present time.

Sichuan Cotton Area To Decline in 1995

95CE02720 Chengdu *SICHUAN JINGJI RIBAO* in Chinese 16 Feb 95 p 1

[FBIS Summary] In 1995 the cotton area in Sichuan Province will total 1,898,000 mu, a decline of 57,000 mu from 1994.

East Region

Press Covers Fujian Secretary's Activities

Speaks To Plenary Session

HK0103103195 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 26 Feb 95

[FBIS Translated Text] The provincial commission for discipline inspection held its eighth enlarged plenary session in Fuzhou yesterday. The session urged carrying out the struggle against corruption in a staunch, thoroughgoing, and down-to-earth manner and rallying the province's forces to achieve a new leap forward.

Provincial leaders including Provincial Party Secretary Jia Qinglin, Provincial Governor Chen Mingyi, You Dexin, He Shaochuan, Zhao Xuemin, Lin Zhaoshu, Huang Wenlin, Chen Yingguan, Huang Songlu, Su Changpei, Fang Zhongbing, and Zheng Yizheng, as well as members of the provincial discipline inspection commission attended the session. Lin Zhaoshu, member of the standing committee of the provincial party committee and secretary of the provincial commission for discipline inspection, presided over the session and delivered a report on the situation on behalf of the standing committee of the provincial commission for discipline inspection. Provincial party Secretary Jia Qinglin delivered an important speech at the session.

Jia Qinglin said: In the new year, party committees and governments at all levels should continue to uphold the guiding ideology of anticorruption work serving the party's basic line and the overall work situation of the whole party and nation, make it a necessary condition for promoting reform, development, and stability to carry out anticorruption work in depth, and work hard to achieve good results in the work so as to ensure that new advances are made in supervising party-member leading cadres in performing their official duties honestly and exercising self-discipline, new breakthroughs are made in investigating and punishing cases of violating the law and disciplinary codes, new successes are scored in correcting unhealthy practices, and new achievements are scored in conducting ideological education among party-members cadres, a policy decision which is of fundamental importance. Jia Qinglin set forth four suggestions on how to carry out the struggle against corruption in depth.

1. Deepen one's understanding and further enhance one's willingness and staunchness in struggling against corruption.
2. Make efforts to take radical measures and foster a correct outlook on life, a correct world outlook, and correct values. He said: Facts have proved that the fundamental reason for the growth and spread of corruption is that something goes wrong with some cadres and party members in their outlook on life, their world outlook, and their values. He urged party committees

and governments at all levels to attach importance to and energetically strengthen ideological and political construction, take it as a basic task of promoting party building in the new period, a new great project, to solve the problem of the outlook on life, the world outlook, and values among the broad ranks of party-member cadres, and carry out the task as the fundamental measure to strengthen the improvement of party style and the construction of clean government so as to reduce, prevent, and wipe out corruption once and for all.

3. Strictly regularize anticorruption work and continuously strengthen institutional construction as well as supervision and inspection. Jia Qinglin stressed: Efforts should be made to effectively combine inner-party supervision and supervision by the masses, by public opinion, and by people from democratic parties and nonparty people so as to form a powerful supervision system and promote the in-depth development of the various aspects of anticorruption work.

4. Keep the overall situation in mind and strengthen leadership over the struggle against corruption. Jia Qinglin stressed: The struggle against corruption is an important issue which has a bearing on the overall situation of reform, opening up to the outside world, and economic construction. It is necessary to adhere to and improve the anticorruption leading pattern in which the party and the government jointly carry out the struggle against corruption and principal leaders assume personal responsibility for it. Party committees and governments at all levels, principal leading comrades in particular, should not only be strict with themselves and take the lead in discharging their duties honestly and exercising self-discipline but also take the lead in safeguarding the inviolability of party discipline and state laws, and not only be responsible for the work in various fields of the localities and departments under their jurisdiction but also be fully responsible for anticorruption work and the improvement of party style and the construction of clean government. There must be a clear division of labor among departments, each assuming its own responsibility. They must closely coordinate and cooperate with each other and strive to establish an anticorruption work structure in which the party and the government jointly carry out anticorruption work, principal leaders assume overall responsibility for the work, discipline inspection and procuratorial organs go all out to do the work, people's congresses and committees of the Chinese People's Political Consultative Conference [CPPCC] participate in supervising the work, and all sides concerned work together to manage the work. Party committees and governments at all levels should firmly support discipline inspection and procuratorial organs in discharging their duties in accordance with the party constitution and administrative laws and regulations and strive to create the necessary working conditions and environment for them so as to continuously deepen all aspects of anticorruption work and ensure the sustained, rapid, and healthy development of our province's national economy.

Attends Propaganda Forum

HK2802125995 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 22 Feb 95

[FBIS Translated Text] Yesterday afternoon, Provincial CPC Secretary Jia Qinglin, at a forum with delegates to the provincial meeting of propaganda department heads, stressed: The primary task of the propaganda and ideological work is to guide vast numbers of cadres and the broad masses in adhering to the basic party line; to vigorously show concern for, vindicate, and submit themselves to the overall situation of party work; to devote themselves to the great cause of building socialism with Chinese characteristics; to give an impetus to and do a good job in various types of work; and to ensure the mutual advancement of reform, development, and stability.

Provincial leaders He Shaoshuan, Lin Zhaoshu, Song Jun, Li Yuantuan, and Chen Jiazhen attended the forum. The meeting was presided over by Zhao Xuemin, member of the provincial party committee standing committee and head of the propaganda department.

In his speech, Jia Qinglin fully affirmed the achievements scored by our province in the propaganda and ideological work last year and set a demand on the provincewide propaganda and ideological work this year. He said: This year, as the task of reform, development, and stability is very arduous, departments in charge of the propaganda and ideological work at all levels must have a stronger sense of politics, of the overall situation, and of responsibility; give proper publicity to the overall situation, take the overall situation into account, and render the overall situation a service; and devote ourselves to the smooth fulfillment of the tasks this year.

Jia Qinglin pointed out: In order to submit ourselves and render a service to the overall situation we must, in carrying out the propaganda and ideological work, give special publicity to General Secretary Jiang Zemin's important speech on the Taiwan issue and the spirit of the important remarks made by Premier Li Peng and such central leading comrades as Li Tieying and Song Jian during their inspections in our province. He said: An important task for our province at present and in the foreseeable future is to conscientiously propagate and bring into effect the speeches made by General Secretary Jiang and Premier Li Peng.

Jia Qinglin pointed out: Arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the most fundamental and important work of the propaganda and ideological front. The key to studying and propagating the theory in depth and in breadth lies in making efforts to deepen the work. Speaking on how to accomplish ideological education and promote the building of advanced culture and ethics, Jia Qinglin pointed out that we must take the initiative in accomplishing three types of work at present

and in the foreseeable future: First, we must launch among all the people an extensive and in-depth educational campaign of patriotism, socialism, and collectivism. Second, we must carry out across the society teachings on the 64-character pioneering spirit advocated by General Secretary Jiang. Third, we must carry out among all the party members, cadres, and youths teachings on a proper world outlook, particularly teachings on an outlook on life and on value.

Jia Qinglin pointed out when talking about the issue of bringing about prosperous development of the cultural undertakings: Insisting on paying attention to prosperity on the one hand and to administration on the other is a very important principle advanced by the CPC Central Committee on the cultural work in the new historical period after conscientiously summarizing it. Paying attention to prosperity means that we must keep propagating the main theme while advocating diversification, whereas paying attention to administration means that party committees, governments, and departments in charge of the cultural work at all levels must conscientiously strengthen the administration of the cultural market and bring about its healthy development, extend support to noble and graceful arts, guide mass culture, curb vulgar tastes, and crack down on illegal business.

In conclusion, Jia Qinglin stressed: We must conscientiously strengthen our leadership and pay close attention to fulfilling various propaganda tasks. Party committees at all levels must adhere to the strategic principle of doing two types of work simultaneously while attaching equal importance to both and conscientiously understand the role of propaganda and ideological work from the strategic height of the overall situation. We must, by bearing politics and the overall situation in mind, pay close attention to the propaganda and ideological work and the building of advanced culture and ethics. Moreover, we must take appropriate measures to make more investment in the work and attach importance to the building of the contingent. Comrades in charge of relevant departments should have a full understanding of their own responsibility, devote their energies to fulfilling four main tasks, and make joint efforts to advance the propaganda and ideological work to a new high.

Prior to the end of the forum, Zhao Xuemin urged comrades of the provincewide propaganda and ideological front to earnestly grasp the essence of the speech made by Comrade Jia Qinglin; pay close attention to the overall situation, the fundamental work, and the leadership; and completely fulfill various tasks of the propaganda and ideological work throughout the province this year.

Jiangsu 'Conspicuously' Curbs Price Hikes

OW0103035395 Beijing XINHUA in English 0223
GMT 1 Mar 95

[FBIS Transcribed Text] Nanjing, March 1 (XINHUA)—East China's Jiangsu Province, one of China's economic boom areas, conspicuously curbed price hikes in 1994.

According to Deputy Governor Yu Xingde, governments at all levels exerted every economic, legal and administrative measure to rein in prices last year.

By the end of 1994 the price hike rates of retail goods dropped 2.6 percent lower than the national average; the consumer price index dropped 3.9 percent lower than the national average.

Sources indicated that one of the major approaches was restriction of the scale of basic construction and social total demand.

As a result, the scale of fixed assets investment showed a remarkable drop of 48.7 percent last year, while 1,030 items were cut from basic construction and renovation of state-owned enterprises. Thus, the prices of most building materials and industrial materials went down correspondingly.

The prices of grain and edible oil, which are most sensitive as far as the general public is concerned, have returned to normal since an extra 2,670 ha [hectare] of high-yield vegetable-growing land was developed with 58 million yuan appropriated for this purpose.

Until January this year, the index of consumer goods prices in Nanjing ranked 31st among all the 35 large and medium-sized cities in the country.

Furthermore, Jiangsu has set up special funds and a major commodities reserve system, which successfully precluded some possible sharp rises in commodity prices.

Sources said that Jiangsu's gross output value in 1994 was still 18.5 percent over the previous year's. The actual per capita incomes in the urban and rural areas were 3,461 and 1,832 yuan, respectively, adjusted for inflation.

Central-South Region

Media Covers Eighth Guangdong People's Congress

Secretary, Governor Address Congress

HK0103100195 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 17 Feb 95

[FBIS Translated Excerpt] The Third Session of the Eighth Guangdong Provincial People's Congress opened this morning. Here is a recorded report by our reporter.

[Begin recording] [Unidentified reporter] The Third Session of the Eighth Guangdong Provincial People's Congress opened in the Guangzhou Zhongshan Memorial Hall this morning. Lin Ruo, chairman of the provincial people's congress and executive chairman of the presidium, presided over the session.

[Lin] Deputies and comrades: The Third Session of the Eighth Guangdong Provincial People's Congress is now formally open. Everyone please rise for the national anthem. [anthem is played]

[Reporter] There are 28 people seated on the rostrum at today's session. Party, government, and military leaders including Xie Fei and Zhu Senlin are in attendance. A member [name indistinct] of the National Committee of the Chinese People's Political Consultative Conference is also present. There are three topics on today's agenda: First is the government work report by Governor Zhu Senlin; second is a report by Lin Shusen, chairman of the provincial planning commission, on Guangdong's implementation of the 1994 economic and social development plan and its draft plan for 1995; and third is a report by Zeng Bingsheng, director of the provincial financial department, on Guangdong's implementation of the 1994 budget and its draft budget for 1995. Governor Zhu Senlin's government work report is divided into four parts: First, a review of work in 1994; second, deepening reform, improving economic results, and bringing about sustained, healthy, and rapid national economic development; third, strengthening socialist spiritual civilization and stimulating overall development in all social undertakings; and fourth, strengthening the socialist democratic and legal systems and consolidating the situation of stability and unity. This radio station will separately broadcast an excerpt of Governor Zhu Senlin's government work report. There are 713 provincial people's congress deputies attending today's session; among those present at the session are 12 officials from the Polish, Australian, Vietnamese, American, Malaysian, and Thai Embassies in Guangzhou as well as 78 personalities from all circles in Guangzhou. [end recording]

In his government work report to the Third Session of the Eighth Guangdong Provincial People's Congress this morning, Governor Zhu Senlin said: In its economic work last year, Guangdong registered development in the course of exercising macroregulation and control despite great difficulties. In last year's agricultural production, Guangdong suffered from natural disasters that happened only once in 100 years, and the losses were serious. But despite all these, it reaped a good agricultural harvest, with gross agricultural output value of 107 billion yuan, up by 3.7 percent over the previous year, changing the situation in which grain production had fallen for three consecutive years. Last year the province saw a good industrial development trend, with a gross industrial output value of 694.8 billion yuan, an increase of 26.4 percent over the previous year. Urban residents' per capita income amounted to 5,877 yuan and the peasants' per capita net income amounted to 2,182 yuan, an increase of 13.6 and 3.8 percent respectively over the previous year, allowing for inflation. Governments at all levels increased investment in education. Last year's funding for education amounted to 6.8 billion yuan, an increase of 40 percent over the previous year. Last year

22 cities and counties throughout the province popularized nine-year compulsory education, a record high over all previous years.

While confirming last year's achievements, Governor Zhu Senlin pointed out the shortcomings, such as excessive price increases, irrational structure of investment in fixed assets, state-owned enterprises' economic returns being less than ideal, and agriculture being weak. These problems must be conscientiously resolved.

Leaders Hold Press Conference

HK0103071695 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 19 Feb 95

[Excerpt from press conference by Guangdong Governor Zhu Senlin and Guangdong's seven vice governors, including Zhang Gaoli and Liu Weiming; in Guangzhou 19 February—recorded]

[FBIS Translated Text] This morning Governor Zhu Senlin and seven vice governors held a press conference during the Third Session of the Eighth Guangdong Provincial People's Congress to brief Chinese and foreign reporters on Guangdong's economic and social development. Please listen to our coverage.

[Begin recording] [Zhu Senlin] The governor and vice governors of the provincial government all are here to meet everyone. You are welcome to ask questions. I will answer some of your questions, and the relevant vice governors will provide detailed answers to some other questions. Please ask questions now.

[Guangdong Radio reporter] Governor Zhu, Guangdong is building the Zhu Jiang delta economic zone. Will this widen the gap between the poor and rich regions in Guangdong? Thank you.

[Zhu] This question.... I think this will not widen the gap, instead we will narrow the gap because the purpose of building the Zhu Jiang delta economic zone is, on the one hand, to display the the delta economic zone's role. At the same time, the delta economic zone's role also must be brought into play in promoting mountainous areas and the province's two flanks. Everyone is quite concerned about the Zhu Jiang delta economic zone. Now I would like to take this opportunity to invite Comrade Zhang Gaoli, chief of the Zhu Jiang delta planning and coordinating group, to speak briefly on the Zhu Jiang delta situation.

[Zhang] The plan for the Zhu Jiang delta's development is divided into three phases: The first phase is reaching unanimity of understanding, formulating a plan, and ensuring organizational formation. This has been basically completed. From the provincial authorities, to the city authorities, to all trades and undertakings, and to groups in prefectures, the principal leaders have taken charge of this work. In addition, special personnel have been assigned. We also have organized 57 experts from

various fields throughout the province to join the planning. The second phase is revising and perfecting this plan according to high standards on the basis of plans originally formulated by cities, trades, and undertakings. The third phase is conducting comprehensive theoretical proofing on special projects for further improvement of the plan, to finally formulate a program for the entire Zhu Jiang delta economic zone. We hope to present an overall program by the end of June.

[NANFANG RIBAO reporter] Governor Zhu, last year, Guangdong's price increase rate ranked 27th in the country as a result of the province's efforts and measures. This was a good achievement. This year, your work report mentions controlling the price increase rate below 13 percent. May I ask what ideas you have to control the price increase rate below 13 percent? Thank you.

[Zhu] Vice Governor Liu Weiming, who is in charge of commodity prices, will answer this question. [end recording]

At today's press conference, Governor Zhu Senlin and the vice governors present answered reporters' questions on commodity prices, social order, and agriculture. The press conference lasted for 1 hour and 20 minutes, 20 minutes longer than originally scheduled.

Guangdong Documents To Promote Enterprise Reform

HK2802020095 Beijing ZHONGGUO XINWEN SHE in English 1350 GMT 27 Feb 95

[FBIS Transcribed Text] Guangzhou, February 27 (CNS)—This year, Guangdong will carry out comprehensive reform in state-owned enterprises. Six reform documents have been issued and circulated in all places of the province. These documents will clear away obstacles in the reform of state-owned enterprises.

These documents have made definite stipulations concerning the problems which have occurred in the reform of state-owned enterprises in recent years. These include the definition of state-owned assets, settlement of past debts, implementation of social insurance, the status and functions of Party committees and trade unions in enterprises.

Xie Fei, Secretary of Guangdong Provincial Party Committee, spoke highly of the contribution made by state-owned enterprises for more than ten years. At the same time he emphasized that a good leadership was needed to be set up for the reform of state-owned enterprises. This is to realize scientific management and to separate political functions from production in enterprises.

This year, the reform of state-owned enterprises in Guangdong will mainly concentrate on promoting the reform in three aspects, namely the internal setup of enterprises, labour and salary. In fact, one-third of

state-owned enterprises in the province have already carried out the reform in these three aspects.

The heavy burden of past debts is a big obstacle faced by most of the state-owned enterprises. According to the high-level officials of the provincial government, this year, the government will greatly help state-owned enterprises to reduce the burden of past debts, and will close, merge or transfer some of the enterprises. One important job is to announce bankruptcy of enterprises on trial basis and to resettle surplus workers.

A critical moment has come for the reform of state-owned enterprises in Guangdong. Last year, the profits of state-owned industrial enterprises decreased by 44 percent; the proportion of losses was one-fourth; the losses were more than 7 billion. [currency not specified] Therefore, it has posed a heavy burden on the economy of Guangdong.

According to analysis, to enable state-owned enterprises to come out from the low tide, two problems should be solved. The first is to reform the present mechanism at roots. The second is to solve the problem of choosing of executives, that is, to choose those who really care about benefits of enterprises.

Guangdong Secretary Meets Director of Publication

HK2802070795 Hong Kong WEN WEI PO in Chinese
16 Feb 95 p A2

[Dispatch by staff reporter: "Xie Fei Meets WEN WEI PO Director Chang Yun-feng and His Party"]

[FBIS Translated Text] Guangzhou, 15 Feb—Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the Guangdong Provincial CPC Committee, met here this afternoon with Hong Kong WEN WEI PO director Chang Yun-feng [1728 0061 2800] and editor-in-chief Liu Tsai-ming [0491 0375 2494] and their party.

At the meeting, Director Chang Yun-feng extended Lunar New Year greetings on behalf of all his colleagues to Secretary Xie and the people of Guangdong Province and thanked the leaders at all levels, all departments, and people from all walks of life in Guangdong for their long-standing strong support and help to Hong Kong WEN WEI PO.

Secretary Xie praised Hong Kong WEN WEI PO for its efforts in publicizing Guangdong's reform, opening up, and economic construction. He also said that Hong Kong WEN WEI PO's strong support to Guangdong's relief work during the floods in southern China last year reflected Hong Kong compatriots' enthusiasm in loving the country and native place. He expressed heartfelt gratitude for this. At the meeting he briefed the participants on how people in the flood-stricken areas rebuild their homeland, restore production, and live and work in peace and contentment.

Secretary Xie especially pointed out: Guangdong's development is very closely related to and plays a big role in Hong Kong's prosperity and stability. He hoped that Guangdong and Hong Kong would further strengthen cooperation and believed that Hong Kong WEN WEI PO would play a bigger role in promoting future cooperation between Guangdong and Hong Kong.

WEN WEI PO's first deputy editor-in-chief Chang Ch'ing-yun [1728 2532 0061], deputy editor-in-chief Liu Yung-pi [0491 3057 4310], and Guangdong office director Wu Tai-chi [0702 3141 1015] also attended the meeting.

Guangzhou Mayor Answers Questions on City Issues

HK0103102595 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 21 Feb 95

[FBIS Translated Text] The Secretariat of the Third Session of the Eighth Guangdong Provincial People's Congress held a news conference yesterday afternoon. Guangzhou Mayor Li Ziliu answered reporters' questions on city issues, including subway construction, social security, and urban management.

When answering a reporter's question on subway construction, Li Ziliu said: The construction of the subway has been going on smoothly and this holds true for the absorption of foreign capital. The city party committee and government as well as the people of the whole city have a steadfast determination to construct the subway. The construction of the subway project will surely be completed in 1998 as scheduled.

Answering a reporter's question on the demolition and removal of houses owned by overseas Chinese, Li Ziliu said: This issue should be settled in accordance with the provisions of the state's policies, laws, and regulations. In some cases, compensation will be more generous than that set by state provisions. We will rigorously investigate and punish those development companies which fail to act according to law and call them to account.

Answering a reporter's question on strengthening urban management, Li Ziliu pointed out: Guangzhou City will do a good job of rectifying the work of the three selected areas of the railway station, Baiyunshan District, and the Zhujiang He. The city party committee and government have taken powerful countermeasures.

Answering a question on how to do a good job of social order in Guangzhou, Li Ziliu pointed out: Guangzhou will do an even better job of the building of small security areas, strengthen the police patrol system, establish a contingent of 3,000 patrolmen to maintain 24-hour patrolling, and at the same time properly carry out the security responsibility system.

Guangxi Secretary Commends Procuratorial Work

HK0103073095 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 22 Feb 95

[FBIS Translated Excerpt] On the morning of 22 February, at a regional work meeting of chief procurators

and a commendation meeting for advanced collectives and individuals of procuratorial organs throughout the region, awards were granted to 103 advanced collectives and 153 advanced individuals, with five advanced collectives and three advanced individuals winning first-class merit.

Regional party and government leaders Zhao Fulin, Cheng Kejie, Ding Tingmo, and Huang Baorao met with all the delegates to the meetings.

In his speech, Zhao Fulin spoke highly of the past achievements scored by procuratorial organs in cracking down on serious criminal offenses, in fighting corruption, and in preserving social stability, wishing for the entire procuratorial police to guard against arrogance and rashness, to work hard, and to continue making great contributions in the future.

Ding Tingmo, deputy secretary of the regional party committee, and Huang Baorao, vice chairman of the regional people's congress standing committee, attended the commendation meeting to grant awards to advanced collectives and individuals, and to make speeches. [passage omitted]

Hainan Leaders Attend CPPCC Session

HK2802130195 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 20 Feb 95

[FBIS Translated Excerpt] [passage omitted] The Second Plenary Session of the Third Hainan Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] was solemnly held at 0830 amid the solemn sound of the National Anthem.

Today, seated in the front row of the rostrum were Yao Wenxu, chairman of the CPPCC provincial committee, Vice Chairmen Zhou Song, Hu Kai, Li Mingtian, Lin Hongzao, Yao Huifeng, and Lin Mingyu. Present and seated on the rostrum were leaders of the provincial party committee and the provincial people's congress including Secretary and Governor Ruan Chongwu, People's Congress Chairman Du Qinglin, Wang Xiaofeng, Chen Yuyi, Wang Houhong, Dong Fanyuan, Liu Xuebing, Cai Changsong, Zhong Wen, Wei Zefang, Yang Wengui, Wang Xintian, Wu Kuiguang, Xin Yejiang, Chen Suhou, Mao Zhijun, Liu Mingqi, and Tian Zhongmu, president of the provincial people's court as well as Qin Xingmin, chief procurator of the provincial people's procuratorate.

The session was presided over by Zhou Song, vice chairman of the CPPCC provincial committee.

Chairman Yao Wenxu read out the work report of the Standing Committee of the Second CPPCC Provincial Committee. [passage omitted]

Hainan Leader Meets Visiting Finance Minister

HK2802064195 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 24 Feb 95

[FBIS Translated Text] Governor Ruan Chongwu, secretary of the provincial party committee, met Vice

Minister of Finance Liu Jibin in the Chaojiangcun Guest Hall of the Haikou International Trade Building yesterday afternoon [24 February]. Ruan Chongwu briefed the minister on Hainan's economic development and construction, and thanked the ministry for its support for development projects in Hainan.

Ruan Chongwu and Liu Jibin also exchanged views on the issue of accelerating the construction of shopping-basket projects. Liu Jibin came to Hainan to attend the one-the-spot work meeting of party committee secretaries of colleges and schools under the direct jurisdiction of the ministry. He also inspected some construction projects in the Qionghashan Shizilin Development Zone.

On 23 February, Wang Xiaofeng, deputy secretary of the provincial party committee and executive vice governor, also met Liu Jibin. Present at the meeting were persons in charge of the provincial financial and taxation department (Liu Guishu), (Zheng Qi), and others.

Hubei Session Examines Economic, Revenue Reports

HK2802121095 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 20 Feb 95

[FBIS Translated Excerpt] The Third Session of the Eighth Hubei Provincial People's Congress held the second full-member meeting this afternoon to hear and examine a report by Gao Ruike, chairman of the provincial planning commission, on Hubei's economic and social development in 1994 and a draft plan for 1995. Tong Daoyou, director of the provincial finance department, gave a report on the implementation of the 1994 budget and a draft plan for the 1995 budget. Among those present at the meeting were provincial leaders including Governor Jia Zhijie, Qian Yunlu, Yang Yongliang, Ding Fengying, Li Daqiang, Wang Zhonggong, Liu Guoyu, and Guan Guangfu. [passage omitted].

Gao Ruike, chairman of the provincial planning commission, reported to the meeting on Hubei's economic and social development last year and the draft plan for this year. He said: Last year the province's GNP amounted to 182.04 billion yuan, an increase of 15.2 percent over the previous year as calculated at comparable prices, ranking first in the country's average for the first time since 1986. [passage omitted]

Encouraging achievements were made in reform, opening up, and economic construction.

On this year's economic environment and macrocontrol and regulation, Gao Ruike pointed out: In developing the economy this year, we must resolutely implement the policies and principles laid down by the central economic work meeting; make up our minds to curb inflation, to improve the quality and results of Hubei's economic growth, to maintain a good economic development trend throughout the province, and to materialize economic results better than the country's average and at a development rate faster than the country's average. [passage omitted]

The province's macroeconomic control and regulation this year are aimed at increasing the province's GDP by 10 percent, 1 or 2 percent higher than the target set by the state.

Subsequently, Tong Daoyou, director of the provincial finance department, reported to the meeting on the implementation of last year's financial budget and the draft plan for this year's budget, saying: The budget for last year's revenue approved by the Second Session of the Eighth Hubei Provincial People's Congress was 13 billion yuan; the amount actually fulfilled was 14.94 billion yuan, and increase of 21.8 percent over the previous year and higher than the country's average growth rate. [passage omitted]

Tong Daoyou said: The general principle for this year's budgetary arrangement is to implement a moderate financial policy, strictly control investment and consumption demands, curb inflation, and improve and deepen financial and revenue system reform. [passage omitted]

This year's revenue is planned at 16.455 billion yuan, an increase of 10 percent over the amount fulfilled in 1994; this year's expenditure is planned at 13.07 billion yuan, an increase of 9 percent over the actual amount spent last year.

Reportage on Newly Elected Hunan Governor

Congress Elects Governor

HK2802014795 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 24 Feb 95

[FBIS Translated Excerpt] The Third Session of the Eighth Hunan Provincial People's Congress held its fourth meeting yesterday morning, during which Yang Zhengwu was elected governor of the Hunan Provincial People's Government. Dong Zhiwen, executive chairman of the meeting, presided. [passage omitted]

The agenda was to hold by-elections for Hunan governor and for the secretary general and members of the Standing Committee of the Eighth Hunan Provincial People's Congress. After full deliberation and discussions by all the provincial people's congress deputies, the presidium decided on one nominee for Hunan governor, one nominee for secretary general of the Standing Committee of the Eighth Hunan Provincial People's Congress, and two nominees for members of the standing committee. The voting began at 0900 yesterday. [passage omitted]

After counting the ballots, Yang Zhengwu was elected governor of the Hunan Provincial People's Government; Guo Jianxiu was elected secretary general of the Standing Committee of the Eighth Hunan Provincial People's Congress; and Wang Yun and Mo Wenxiu were elected members of the standing committee.

Profile of Governor

HK2802014995 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 24 Feb 95

[FBIS Translated Text] We now broadcast a profile of Comrade Yang Zhengwu.

Comrade Yang Zhengwu was born in Longshan County in January 1941. He is of the Tujia minority nationality, and has attained a college educational level. He began to work in August 1960, and joined the CPC in August 1969. From 1970, he was deputy secretary and then secretary of the Longshan County CPC Committee, and member of the Standing Committee of the Xiangxi Autonomous Prefectural CPC Committee. From 1981 to 1985, Comrade Yang Zhengwu was a member of the Standing Committee of the Xiangxi Autonomous Prefectural CPC Committee, deputy group leader, and secretary of the autonomous prefectural party committee. From 1985 to February 1990, he was a member of the standing committee of the provincial party committee and secretary of the Xiangxi autonomous prefectural party committee. From March 1990, he was deputy secretary of the provincial party committee. At the 13th meeting of the Eighth Hunan Provincial People's Congress Standing Committee in January this year, he was appointed vice governor and acting governor. Comrade Yang Zhengwu was a member of the 12th and 13th CPC Central Committees, and is a member of the 14th CPC Central Committee.

New Governor Views Development

HK2802020495 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 24 Feb 95

[Interview with newly elected Hunan Governor Yang Zhengwu by unidentified station reporter on the rostrum at the fourth meeting of the Third Session of the Eighth Hunan Provincial People's Congress on 24 February—recorded]

[FBIS Translated Text] [Yang] I sincerely thank all veteran comrades for their guidance and teaching. I sincerely thank the people of all nationalities throughout the province, as well as leaders and departments at all levels for their strong support.

[Reporter] Governor Yang, how will Hunan's economic development strategy be adjusted?

[Yang] The provincial party committee and government already have formed a clear idea of Hunan's economic development strategy. After I assumed office at the provincial government, I followed this development strategy. Before this, I had engaged in party work for a long time. I also spent some time performing government duties and doing economic work, but I still lack comprehensive practice and experience in province-wide government and economic work. From now on, I will make particular efforts on government work, and I will learn to do government work. I will use my experience in

party work, in improving leading groups, and in personnel management to carry out government work.

[Reporter] What is your most urgent task on assuming the governorship?

[Yang] On assuming the governorship, my most urgent task is to organize work in all trades and undertakings according to the requirements of the government work report. In other words, commodity prices and inflation, about which the people are most concerned, will be seriously tackled. Industrial and agricultural production, and particularly infrastructure construction in particular, will be earnestly improved.

[Reporter] What is your plan for transforming government functions?

[Yang] The transformation of government functions is an issue that must be seriously resolved in the current economic structural reform. How should we resolve this problem? We must take Hunan's specific conditions into account. In the course of deepening enterprise reform, and particularly in the course of establishing a modern enterprise system, we must seriously resolve the transformation of government functions, and must introduce macroeconomic control and regulation. The relevant trades and departments must take charge of this transformation.

Southwest Region

Tibet Fights Against Splittism, Economic Crime

OW2502045895 Lhasa XIZANG RIEAO in Chinese 15 Feb 95 p 1

[By staff reporter Bai Juan (4101 1227): "Enforcing the Law Strictly, Vigorously Handling Cases, and Ensuring a Stable Situation—Procuratorial Organs at All Levels in Our Region Achieve Marked Results in Their Work"]

[FBIS Translated Text] This reporter has learned from a "regional meeting of chief procurators of procuratorial branches, city procuratorates, and some county procuratorates" that was held on 13 February that, procuratorial organs at all levels in our region last year strictly enforced the law; vigorously handled cases; concentrated on dealing a stern blow to a handful of splittists in accordance with the law; and investigated and dealt with a number of major and important cases involving such economic crimes as corruption and bribery, as well as criminal cases involving infringement and malfeasance, thus making contributions to safeguarding the motherland's unity, opposing splittism, maintaining social stability, and promoting economic development.

Stability is a matter of prime importance to our region. Procuratorial organs at all levels have always regarded as the most important procuratorial task the effort to safeguard the motherland's unity and to deal a stern blow to a handful of splittists and serious criminals in accordance with the law. Procuratorial organs at all

levels throughout the region have earnestly organized cadres and policemen to study the guidelines of the "two sessions" to improve their understanding, unify their thinking, and make them fully understand that it is the most important task for procuratorial organs, as well as a sacred duty conferred on procuratorial organs by law, to crack down, in accordance with the law, on sabotage activities waged by the Dalai clique and a handful of splittists. Last year, procuratorial organs at all levels in our region accepted and heard 765 splittist and serious criminal cases, cracked down hard on splittists and serious criminals, and worked hard to safeguard the motherland's unity and maintain social stability.

As is the case with the rest of the country, our region's anticorruption drive has become grim with each passing day in the aftermath of economic development. Procuratorial organs at all levels in our region have become more aware of their heavy responsibility; they understand that they can truly serve reform, opening up, and our region's economic construction only if they severely punish economic crimes such as corruption and bribery; investigate and deal with offenses against the law and discipline, such as infringement and malfeasance, in accordance with the law; and handle more cases well. Focusing their efforts on party and government organs, and judicial, administrative, law-enforcement, and economic administrative departments, procuratorial organs at all levels in our region last year went down to the grass roots, conscientiously carried out their work, and investigated and dealt with a number of economic criminal cases, despite difficulties arising from understaffing, heavy workloads, and shortages of funds for handling cases. For example, the Lhasa city and Chengguan district procuratorates overcame difficulties and vigorously handled cases. Last year, they placed 17 economic cases involving 20 people on file for investigation and prosecution. Of these, 11 were major and important cases involving 12 people. A total of 1.2 million yuan in economic losses were recouped for the state. The Nagqu procuratorial branch and Amdo county procuratorate jointly completed handling a case of collective corruption involving oil products at the Amdo oil depot, recouping 520,000 yuan in economic losses for the state. It has been reported that last year, procuratorial organs throughout the region pursued leads on 234 economic criminal cases; conducted preliminary investigations into 109 cases; and placed 76 cases involving 84 people on file for investigation and prosecution. There were 42 major and important cases involving 43 people. Thus far, they have concluded 22 economic cases of various types, recouping 5.2 million yuan in economic losses for the state and collectives.

Tibet Boosts Market Building To Develop Economy

OW2602065295 Beijing XINHUA in English 0614 GMT 26 Feb 95

[FBIS Transcribed Text] Lhasa, February 26 (XINHUA)—Southwest China's Tibet Autonomous Region

has been exerting efforts to build various kinds of markets as part of an overall effort to boost the local market-oriented economy.

So far this year, the region has set up 99 markets, including 11 special markets for industrial products and 29 for agricultural and sideline products.

A series of preferential policies have been worked out by local governments to encourage market construction, local officials said.

The total retail sales volume of commodities in the region amounted to 2.25 billion yuan last year, a 14.68 percent increase over the previous year.

The officials said that the private economy recorded rapid growth during the past year, involving small articles, agricultural and sideline products, clothing, food-stuff, and communication businesses. The total number of self-employed people has gone up to 33,800 from 489 in 1980.

Yunnan Governor Addresses CPPCC Session

HK2802142995 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 17 Feb 95

[FBIS Translated Excerpt] The third session of the Chinese People's Political Consultative Conference [CPPCC] 7th Yunnan provincial committee was solemnly inaugurated in Kunming on the morning of 17 February. [passage omitted]

Provincial party, government, and army leading comrades were present at the meeting and were seated on the rostrum, including Pu Chaozhu, He Zhiqiang, Linghu An, Liang Jinquan, Yin Jun, Li Jiating, Zhang Baosan, Meng Jirao, Wang Tianxi, Sun Gan, Yang Jianqiang, Bao Yongkang, Yang Yitang, Yang Ming, Dao Guodong, Li Shuji, Bai Zuoguang, Mai Ciqiu, Niu Shaoyao, (Dai Guanglu), Qiu Chuangjiao, He Zhanjun, Zhu Qi, (Liu Jin), and Cheng Gongming. [passage omitted]

At 0900, Liu Shusheng, chairman of the CPPCC provincial committee, opened the meeting. At the meeting, Governor He Zhiqiang gave a report explaining the government work report. [passage omitted]

[He Zhiqiang] Dear members, 1995 is a very important year. In the new year, we must completely fulfill the Eighth Five-Year Plan and make preparations for the Ninth Five-Year Plan, which is a major policy. [words indistinct] I wish for every CPPCC provincial committee member to take an active part in it and to contribute ideas and exert effort towards it.

Entrusted by the CPPCC 7th Yunnan provincial committee standing committee, Zhao Tingguang, vice chairman of the CPPCC provincial committee, made a work report entitled "Grasping the Overall Situation, Working in Unity, and Exerting Ourselves to Advancing the CPPCC Work in Our Province to a New Stage."

North Region

Coverage of Beijing Municipal People's Congress

Mayor Views Urban Construction

OW2802025795 Beijing XINHUA in English 0214 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Beijing, the Chinese capital city, will speed up its urban modernization drive under the guidance of a general program this year, Mayor Li Qiyang said at the third session of the 10th Municipal People's Congress.

According to the general program which is aimed at building Beijing into a modern international metropolis, Li said, Beijing will maintain an appropriate economic growth rate and strictly control the investment in fixed assets. The emphasis will be put on improving the investment structure and economic returns.

This year Beijing will give priority to a number of key projects related to its long-run development, including the expansion of a thermal power plant, the third-phase construction project of the No. 9 Water Plant, the laying of pipes for natural gas from northwest China, the expansion of urban transportation, the West Railway Station, the addition of 500,000 city telephone subscribers and 20 standard postal sub-offices.

According to Vice-Mayor Wang Baosen, 49 billion yuan will be invested in fixed assets of state enterprises, an increase of 32 percent compared with last year. Of the amount, 16 billion yuan will be spent on basic construction, 13 billion yuan on real estate development and 19 billion yuan on technical renovation.

It will also accelerate residential housing construction, aiming to renovate one million sq m of old housing.

To realize its goal of a 40 percent green coverage rate at the end of the century, Beijing will speed up the construction of a city shelterbelt, the afforestation of wasteland and the development of flower cultivation. At the same time, it will strengthen the treatment of pollutant sources.

Mayor Li Qiyang said that the city will step up the management of the over three million transient laborers from outside Beijing.

Li also said that Beijing will strengthen the construction of a disaster relief system, especially against fires, floods and earthquakes.

Beijing Fights Corruption

HK2802085895 Beijing CHINA DAILY in English 28 Feb 95 p 3

[By Liu Yinglang: "Beijing Set To Intensify War Against Corruption"]

[FBIS Transcribed Text] Anti-corruption drives will continue to be emphasized by the Beijing Municipal Government this year, according to two reports made known at the third session of the capital's 10th People's Congress last Saturday.

Presented by the Beijing People's Court and Procuratorate, the reports pointed out the need for particular attention to be paid to economic offences among government officials above the rank of county section chief, judicial workers and police officers in public security bureaux as well as cadres in commercial and industrial administrative departments.

In the last year, some 4,172 Beijing citizens were convicted of economic crimes—796 of them were employed in judicial or administrative departments and 247 were government officials. They were found guilty of embezzling public funds or taking bribes. The number represented a 41 per cent increase from the year before.

Jia Guilin, an official with the local government in charge of agricultural business, who solicited and took bribes totalling more than 100,000 yuan (\$11,848) was sentenced to 12 years in prison last year for taking advantage of her position.

Chen Zhiwen, the chief procurator of Changping County, Beijing, was sentenced to 5 years in prison for taking bribes of 7,439 yuan (\$881) and embezzling funds.

Last year, Beijing's procuratorates at all levels dealt with 264 cases involving over 50,000 yuan (\$5,924) of embezzlement or over 10,000 yuan (\$1,185) of bribery, an increase of 29 per cent from 1993.

Out of 191 cases investigated by the procuratorates and involving over 100,000 yuan (\$11,848) of embezzlement, 15 were concerned with more than one million yuan of illegal appropriation.

Investigations conducted by the Haidian District Procuratorate found Wang Bin, a former accountant with the No 2 Research and Designing Institute of the Nuclear Industry Department, guilty of embezzling over 1.45 million yuan (\$171,800).

Wang was sentenced to death and executed.

The Procuratorate of Tongxian County is about to charge Song Xuebing, a former section chief who has been found guilty of misappropriating over 2.6 million yuan (\$308,057). [sentence as published]

A special forum on the city's anti-corruption struggle was held on Sunday. It was attended by 57 deputies of the Congress and eight government officials.

Twenty-two deputies confessed to mild forms of 'corruption', like having leisure days at expensive fishing gardens on public funds.

They urged a new law to be drafted on disciplining government officials.

The third session of the 10th Beijing People's Congress ended yesterday after six days of discussion and report deliveries.

Mayor on New Development 'Measures'

OW0103114895 Beijing XINHUA in English 1023
GMT 1 Mar 95

[FBIS Transcribed Text] Beijing, March 1 (XINHUA)—New measures are being taken to promote the building of a socialist market economic system in China's capital city, Beijing Mayor Li Qiyang said here today.

Addressing a meeting of the Beijing Municipal People's Congress today, the mayor said that emphasis will be placed on building a modern enterprise system in the city's 100 state-owned enterprises this year.

He stressed that the city government has decided to make greater progress in deepening the reform of state-run enterprises and the social security system, transforming governmental functions, and fostering and developing the market system.

Efforts will be made to promote the development of pilot projects of the Beijing No. 1 Light Industry Corporation, the Beijing Chemical Industry Group and the Beijing Peony Electronics Group, and the reform of 161 enterprises in industry, commerce, construction, foreign trade and technology, he added.

Standardized transformation will be carried out in 941 newly established stockholding companies in accordance with the Corporation Law, and more than 60,000 enterprises will be turned into shareholding or limited liability companies in three to five years.

The building of an insurance system covering industrial accidents and child-bearing of the women workers is expected to be completed within this year, he said.

Speaking of the fostering of a market system, he said that the focus will be on perfecting markets for finance, labor, real estate, technology and information.

Beijing Municipality Scales Down Plaza Project

HK0103063695 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 1
Mar 95 p 1

[By Peggy Sito]

[FBIS Transcribed Text] The Beijing Municipal Government has recently submitted new plans to the State Council to scale down the city's controversial commercial project, the Oriental Plaza. Revised plans for the huge commercial and retail complex being built by a consortium led by Li Ka-shing's Cheung Kong Holdings

and Hutchison Whampoa, call for a reduction of about 20 percent, or 2.15 million square feet, in the total development.

The height of the part of the complex facing the Forbidden City would be trimmed from the original 70 metres, a city government planner said, leaving the development with several towers, with heights ranging from 40 to 60 metres, he said. "The new proposal, which was suggested by several city government planning departments, including the City Planning Bureau, City Planning Commission, and Urban Planning Design Research Institute, has been submitted to the State Council's State Planning Commission this month," the planner said.

The new proposal includes several guidelines: The part of the development facing the west, which is close to the Forbidden City, is restricted to between 40 metres and 50 metres, while the part facing the east or the Dongdanbei area is restricted to slightly higher than 60 metres.

Cheung Kong was not available for comment yesterday but the mainland planner said the government so far had not received any strong opposition from the property giant. "The new proposal is expected to be approved by the State Council and accepted by the investor because it preserves the look of the capital and takes into account the developer's investment return," the planner said. "The architectural design of the development will not be finalised until the amended proposal is approved by the State Council. But it might be several smaller complexes."

Vice-mayor of Beijing Municipal Government Lu Yucheng said on Monday that the development was being reviewed by the State Council and the progress was going smoothly.

The Oriental Plaza issue set off an international storm last year when fast-food giant McDonald's was asked to vacate its premises to make way for the new development. The focus of the controversy then quickly shifted to the scale of the development itself. Beijing City Government planners attacked the original plan, saying the modern complex would spoil the architecture of buildings around the Forbidden City.

Criticism was also levelled at the way the project was pushed through without proper planning permission from the State Council, which eventually called for a review of the development.

The project, estimated to cost about U.S.\$1.29 billion, is the biggest proposed commercial and retail complex in the premier shopping district of Wangfujing. It is being built by a consortium led by Talent Sun, a subsidiary in which Cheung Kong has a 65 percent stake, with Hutchison Whampoa holding the remainder. Talent Sun reached an agreement to build the project and take a 63.7 percent stake in Hui Xian in August 1993.

Hebei Holds News Briefing on Economic Work

SK2402125295 Shijiazhuang HEBEI RIBAO in Chinese 27 Jan 95 p 1

[By reporter Wang Chunhai (3769 2504 3189): "Hebei's Gross Domestic Product Increases by 300 Percent Six Years Ahead of Schedule"]

[FBIS Translated Text] The 1994 Hebei provincial economic situation news briefing, which was held by the provincial government on 26 January, was heartening: Hebei's gross domestic product (GDP) increased by 300 percent, which was six years ahead of schedule, achieving a new historical leap. Hebei's grain yield in 1994 reached a new level of 25 billion kg, the highest record in history. The peasants' average net income per capita exceeded 1,000 yuan. Out of recent years, it was one with fairly rapid growth. The added value of the secondary industry topped 100 billion yuan. Investment and construction increased by a large margin, and comprehensive economic real strength was further improved. In 1994, the people of Hebei, under the leadership of the provincial party committee and provincial government, firmly focused on the core of economic development, united to struggle, and pushed forward the progress of the construction of an economically powerful province. This was the consecutive fourth year that construction maintained a fairly high growth. The GDP of Hebei totalled 213 billion yuan, and calculated on the basis of comparable prices, it increased 15.1 percent as compared with the preceding year. Of this, the primary industry increased 45.2 billion yuan, an increase of 11.8 percent; the secondary industry increased 102.5 billion yuan, an increase of 16.8 percent; and the tertiary industry increased 65.3 percent, an increase of 14.4 percent. As the total volume of economy increased, some of the major economic indexes were promoted to new heights.

—We comprehensively reaped a bumper harvest in agricultural production; the grain yield was promoted to a new level of 25 billion kg. Although we experienced natural calamities in some localities, Hebei's situation in its agriculture and rural economy in 1994 was still the best in recent years. The grain yield for the entire year totalled 25,234,600 tonnes, 6 percent higher than the preceding year, creating a new historical level. The cotton yield totalled 390,000 tonnes; it increased by 100 percent as compared with last year, increasing by a large margin after its slump. The final yield of oil-bearing crops totalled 1.063 million tonnes, 32.1 percent higher than that of the preceding year, setting a new level. Forestry, animal husbandry, and fishery developed in a stable manner. A fairly rapid momentum was maintained in the development of township enterprises.

—The industrial output increased in a stable manner, and economic efficiency was improved. The sales value totalled 195.94 billion yuan, and the marketing

rate registered 97 percent. Among the 80 major products, 57 registered an increase in output at different degrees as compared with the preceding year. Economic efficiency was improved. The total added value in industry would achieve 90 billion yuan, with an increase of 16 percent. Of this, the added value of industries at and above township level would reach 61 billion yuan, increasing 13 percent. The index of the economic efficiency in industry would achieve 99 percent. The target of "three increases, one decrease, and one promotion" would be fulfilled.

—The investment on fixed assets grew in a stable manner, and key construction projects progressed smoothly. In 1994, the entire society registered a 71 billion yuan investment on fixed assets, increasing 31.4 percent as compared with the preceding year, and the investment rate was 33.3 percent. The accumulative total of the fixed assets invested by state-owned units registered 40.8 billion yuan, increasing 38.1 percent. Of this, the investment in basic construction totalled 22.765 billion yuan, a 39-percent increase; the investment used in renewal and transformation totalled 13.85 billion yuan, increasing 33.1 percent. The investment results were upgraded. Hebei's 42 projects planned to be put into operation, as well as single-unit construction, were all accomplished in 1994 and formed a number of new production forces such as the No. 2 power generating unit at the Xibopo Power Plant, the No. 3 power generating unit at the Shalingzi Power Plant, the catalytic cracking equipment at the Shijiazhuang Oil Refinery, the No.1 berth in Harbor Jingtang, and Zhengding civil airport.

—The effective supply of farm and sideline products was fairly abundant, and the retail market was brisk. In 1994, Hebei's supply for the consumer goods market was ample, a wider choice was provided to consumers by the market, and the stable marketing of products was gradually turned brisk. The total retail sales of consumer goods in the entire year registered 64.953 billion yuan, increasing 32.2 percent as compared with the preceding year. Hebei's total retail sales of consumer goods in urban areas increased 28.7 percent, while that of rural areas increased 36 percent. The growth in rural areas was 7.3 percentage points higher than that of urban areas. State-owned and nonstate-owned trades competed to develop.

—New headway was made in opening up to the outside world, and fairly rapid growth was achieved in foreign trade. The purchase of goods for foreign trade totalled 19.85 billion yuan, increasing 1.05 times as compared with the preceding year. The import and export trade totalled \$2.911 billion, an increase of 24.1 percent. Exports for foreign trade totalled \$2.52 billion, increasing 27 percent. Of this, ordinary trade, exports of the three types of foreign-funded enterprises, and barter trade registered \$2.11 billion, a 32.6-percent increase.

Foreign capital actually used in 1994 was \$737 million, 52.2 percent more than that of the preceding year. Of this, direct foreign capital was \$523 billion, increasing 46.5 percent. There were 1,029 three-types of foreign-funded enterprises registered in the entire year with a total registered capital of \$1.44 billion, and of this, foreign capital totalled \$800 million. The number of three-types of foreign-funded enterprises newly placed into operation (starting their business) in 1994 were 697; the accumulative total in the entire province was 1804. The scale of using foreign capital in Hebei was further expanded, and the investing scope of foreign businessmen was more extensive.

—Financial income grew with fairly rapid speed, and the banking situation was fairly stable. The financial income of 1994 totalled 18.21 billion yuan, increasing 20.2 percent as compared with the preceding year. Of this, local financial income increased 9.48 billion yuan, increasing 26.9 percent; local financial expenditure totalled 15.89 billion yuan, increasing 11.7 percent. After central banking system reform and the measures for macroeconomic control and regulation, the banking order in Hebei took a favorable turn, the reserve funds of banks increased, and savings deposit grew by a fairly large margin. Savings deposit in Hebei's banks and other banking institutions at the end of 1994 was 190.507 billion yuan, increasing 47.48 billion yuan as compared with the beginning of 1994. Loans from Hebei's banks and their banking institutions at the end of 1994 were 175.5 billion yuan, increasing 29.47 billion yuan as compared with the beginning of 1994. The banks' currency income was larger than expenditures for the entire year, and the accumulative net currency withdrawn from circulation was 3.36 billion yuan.

—The income of urban and rural people increased fairly rapidly, and the people's standard of living continued to climb. According to the sample survey, in 1994 the urban people's average per capita living income totalled 3,008 yuan, 36.7 percent more than that of the previous year, and the rural people's average net income totalled 1,107 yuan per capita, an increase of 37.8 percent. Taking the influence of the increase of prices into consideration, they actually increased 9.4 percent and 8.2 percent, respectively; these were fairly rapid increases as compared with recent years. For most of the people, the increase in income was faster than the increase in prices, their economic ability was strengthened, and their actual lives continued to improve.

While Hebei's national economy maintained a continuous, rapid, and healthy development, there still existed some difficulties and problems in their economic life. These were mainly: 1) The increase in prices tended to be high. The 1994 price index continued to remain high, and the entire province's retail price index totalled 121.4, the highest price increase since reform and opening up. The adjustment of the price policy, the price

increase of the preceding year, and other factors equally made up the reasons contributing to the price increase. Judging from the product mix, we found that foods were the "dragon head" that affected the increase in prices, conspicuously due to structural reasons. The continuous increase in the overall level of prices also increased difficulties for the family life of some people with low incomes, and it hindered the economy to develop continuously, rapidly, and healthily. The increase in prices was a conspicuous problem in the current economic life. 2) The foundation for agriculture was still weak. The major phenomenon was that agricultural input was not enough. Social service in rural areas did not suit the requirements for developing agriculture in a stable manner because its system was not sound and because its function of comprehensive service was not updated, especially the service of providing improved varieties and technological services. Comparable agricultural interests were still on the low side. 3) Some state-owned enterprises had difficulties in production and management. Local budgetary industrial enterprises that incurred losses throughout the province in 1994 accounted for 31 percent, and numbered 107 more than that of the preceding year; deficits amounted to 1.09 billion yuan. The funds tied up by finished products were 7.91 billion yuan, an increase of 35.8 percent. The difficulties and problems described above were difficulties and problems that would occur during development, and they should be gradually solved through deepened reform and accelerated development.

Ye Liansong, deputy secretary of the provincial party committee and governor, made a speech in the news releasing meeting entitled "We Should Accelerate Development, Construct a Powerful Province, and Work Hard To Realize 700-Percent Growth in GDP." He held: Achieving a 300-percent increase ahead of schedule signified that Hebei's economic development was at a new height. The result was the fruit of the people in the entire province working hard with one heart and one mind; it was obtained through overcoming difficulties and doing substantial work. The result was hard won. The practice indicated that only when we correctly handle the relationship between reform, development, and stability can we maintain a continuous, rapid, and healthy development of the national economy. Only when we grasp opportunity can we achieve rapid economic development. Only when we do substantial work can we achieve the target of constructing an economically powerful province.

He added: Achieving a 300-percent growth ahead of schedule was merely the first step in realizing the target of the "outline for rejuvenating Hebei's economy" and in constructing an economically powerful economy. The tasks henceforth are more arduous. According to the requirements of the "outline," we should strive to quadruple GDP by the end of this century. In order to achieve this target, we should keep a clear understanding; deepen the analysis and study of difficulties and problems in economic operation while affirming the

results; take a further step to tap the potential for economic development; and on the basis of surpassing the state's average level, strive to reach or approach the average level of coastal provinces.

The year 1995 is the last year to implement the Eighth Five-Year Plan, and is also the year for our province to lay a sound foundation for the Ninth Five-Year Plan. In the new year, we should further unify our thoughts, assume overall responsibility for the overall situation, strengthen coordination, and work in a down-to-earth manner. We should continue to insist on checking price increases and inflation as the primary task in the macroeconomic control and regulation, should guarantee the increase margin of prices to be remarkably lower than that of the preceding year, and should strive to stabilize the rise at around 13 percent, which is lower than the average state level. We should persist in giving priority to strengthening agriculture in economic work; should take the building of a moderately prosperous life as the core of the overall rural work; should increase agricultural input; and should ensure the basic agricultural products of grains, cotton, and oil as well as the peasants' income increases in a stable manner. We should insist on attaching importance to deepening reform of state-owned enterprises; should combine the endeavors of reorganization, transformation, and strengthening enterprise management; and should increase the quality and efficiency of the industrial economy. We should adhere to the strategy of promoting the entire economy through the export-oriented economy; should do a good job in taking advantage of our geographical superiority of surrounding the Bohai Sea and Beijing and Tianjin; should use foreign capital actively and efficiently; should work hard to expand the export of foreign trade; and should promote opening up to the outside world to develop on a higher level and in greater breadth and depth. We should insist on placing scientific and technological education at the strategic position which should be given priority to develop. Science and technology is the primary production force; we should work hard to promote science and technology, and actively cultivate as well as train more qualified personnel. We should persist in "attaching equal importance to and achieve success in two things at the same time"; should take a further step to strengthen construction of a spiritual civilization as well as the democratic and legal system construction; should maintain social stability; and should enhance the overall progress of society. As long as the upper and lower levels of the province work with one heart and one mind, carry on our results, overcome difficulties, and work hard to fight, we believe we can satisfactorily fulfill all the various tasks and lay a sound foundation for realizing the grand goal of 700-percent growth.

Vice Governor Guo Shichang presided over the news briefing and made a speech.

Hebei Secretary on Propaganda Work

SK2802045595 Shijiazhuang HEBEI RIBAO in Chinese 15 Feb 95 pp 1, 3

["Excerpts" of the speech by Cheng Weigao, secretary of the Hebei provincial party committee, at the meeting of

the propaganda department directors of city and prefectural party committees: "We Should Work Hard To Promote the Propaganda and Ideological Work to a New Height"]

[FBIS Translated Text] This meeting of the propaganda department directors of city and prefectural party committees is another significant meeting after the convocation of the provincial propaganda and ideological work meeting last year. The standing committee of the provincial party committee, at the time before the spring festival, set the theme and the agenda for this meeting after listening to the report of the propaganda departments of the provincial party committee on the situation of the national conference of propaganda directors. I would like to offer some suggestions on the question of how to carry out the spirit of the national conference of propaganda directors in efforts to do a good job in the propaganda and ideological work under the new situation.

1. We should conscientiously study the spirit of the national conference of propaganda directors, and comprehensively sum up Hebei's propaganda and ideological work.

Relaying, studying, and carrying out the spirit of the national conference of propaganda directors are main tasks of this meeting, and also the premise for achieving success in the current propaganda and ideological work. In the national conference of propaganda directors, Comrade Jiang Zemin made an important speech which not only fully affirmed the past year's propaganda and ideological work, but also set forth higher demands for the tasks of our front. The two speeches of Comrade Guangen were of great importance. He not only talked about the central authority's overall working spirit from the perspective of tasks for the whole party, but he also talked about propaganda work targets, tasks, measures, and a series of basic questions that need to be grasped well. The guiding thoughts of the speeches of the general secretary and Comrade Guangen were clearly defined; the contents profound as well as dialectical; and the guiding function significant. To achieve success in this year's propaganda and ideological work, we should give priority to conscientiously achieving success in studying, understanding, and grasping the spirit of the conference and the speeches by the general secretary and Comrade Guangen.

To study and understand the spirit of the national conference of propaganda directors, I think the most important is to grasp the following points: 1) We should achieve mastery of the conference's spirit through Comrade Deng Xiaoping's theory. There was an abundance of contents for the national conference of propaganda directors, and Comrade Deng Xiaoping's theory ran through all the speeches and documents. To achieve success in the propaganda and ideological work, the fundamental aim is to arm the whole party with Comrade Deng Xiaoping's theory of building socialism with

Chinese characteristics, and unite the leading cadres at all levels to arrange the party's line, guideline, and general task. 2) We should grasp the conference's spirit from the perspective of the central authority's general task. The speeches of the general secretary and Comrade Guangen instructed us that the aim of emphasizing the status and function of the propaganda and ideological work was to do a better job in conforming to and providing service to the general task of the whole party and the whole state. Only when we examine and implement propaganda and ideological work with the central authority's overall working spirit, can we achieve success in grasping the theme of propaganda and ideological work from a macroeconomic perspective and as a whole, and use the propaganda and ideological work to enhance reform and construction as well as to safeguard social stability. 3) We should grasp the spirit of the conference when building the spiritual civilization. When we coordinate with reform and construction, we should also strengthen the dynamics for building the spiritual civilization; upgrade the education on patriotism, collectivism, and socialism; and advocate a social style under which people build the country through diligence and hardwork, rouse themselves for vigorous efforts to make the country prosperous, and devote themselves unselfishly. 4) We should grasp the spirit of the conference in line with the requirement of the law of the propaganda and ideological work.

At present, Hebei's propaganda and ideological front is good, active, healthy, and intent on making progress. All localities conscientiously uphold the "one fundamental guideline," implement the "four major tasks" in a comprehensive manner; focus on the central task; provide service to the central task; work hard; pay attention to real results; and make headway in every respect. First, we should insist on arming the whole party with Comrade Deng Xiaoping's theory, paying attention to the study of the cadres at and about county level as well as of the central groups of the party committees at all levels, continue to strengthen the gradual establishment and betterment of the operation mechanism of the theoretical work. Second, we should insist on a correct trend of public opinion, and pay attention to the relationship between reform, development, and stability. On the basis of summing up experience, we should initially establish the macroeconomic management system of news and public opinion work, and enhance Hebei's reform and opening up, economic construction, and social stability. Third, we should insist on advocating patriotism, collectivism, socialism, and the 64-character spirit to build an undertaking during the new period. We should extensively unfold the activities for selecting and evaluating outstanding personages who are ready to take up the cudgels for a just cause and Hebei's heroes for building undertakings. The mass spiritual civilization is developing in depth in a multi-layered manner. Fourth, we should carry out the theme with great efforts, and attach equal importance to prosperity and management, increase the dynamics to clear up pornography and strike

blows to illegal publications, and make the cultural market clean and the masses' cultural life richer. Fifth, we should firmly focus on the implementation of Hebei's strategy of promoting the entire economy with an export-oriented economy, and extensively launch propaganda to the outside world. The quality as well as quantity of propaganda to foreign nationals should be upgraded conspicuously. Sixth, most of the party committees attach importance to the propaganda and ideological work; the authority of some propaganda departments gradually increase; and the confidence, enterprising spirit, and initiative of the broad masses of the cadres are conspicuously strengthened. To sum up, the situation of the propaganda and ideological front is good. This results from the party Central Committee attaching much importance to the propaganda and ideological work as well as the broad masses of cadres in Hebei's propaganda departments at all levels and the propaganda and ideological front studying with great efforts, uniting to fight, and quietly immersing themselves in the work. The provincial party committee fully affirms Hebei's propaganda and ideological work and places great hopes on this contingent.

When fully affirming the results, we should also perceive the problems and insufficiencies. The basic requirements for consolidating the current results, strengthening the weak links, and promoting the working level, which were set forth by the national conference of propaganda directors after it conducted analysis towards the conclusion beforehand of "two active, two passive, and two unsuitable," totally conform to the reality of Hebei. It is imperative for us to, in light of the requirements, conscientiously look for areas of insufficiency and weakness, develop the active aspects, change the passive aspects, strengthen the unsuitable aspects, and promote Hebei's propaganda and ideological work to a new height in the new year.

2. We should upgrade awareness of politics, general tasks, and responsibilities, and strengthen the sense of emergency regarding the propaganda and ideological work.

Comrade Jiang Zemin emphatically pointed out in the national conference of propaganda directors: "Party committees at all levels should be very aware of politics, general tasks, and responsibilities, firmly pay attention to the propaganda and ideological work, often study them, set forth requirements, and strengthen inspection and examination." These words were earnestly spoken from a strategically advantageous position. The three points of awareness are closely inter-related. On the one hand, without strong political consciousness and political sensibility, and without fully developed awareness and ideas on general tasks, it is impossible for us to have a strong sense of mission and sensibility. On the other hand, without a strong sense of mission and responsibility, it is impossible for us to have keen political awareness as well as a firm awareness of general tasks. Considering the political meanings and the general task,

it is imperative for us to fully understand the great responsibility of the propaganda and ideological work under the new situation.

Propaganda and ideological work is a work of extreme importance. The propaganda and ideological front is a very important front. The party's theory, line, guideline, and policy in the new period should be propagandized and carried out to the broad masses in an extensive and profound manner. The task of deepening reform, enhancing development, and maintaining stability needs the powerful support as well as guarantee from the propaganda and ideological work. We should alleviate and explain some ideological and understanding problems which occur in reform due to the adjustment of the interests distribution and the change of the relationship between interests. We should promptly praise all kinds of advanced figures springing up from all the fronts in the new period and their lofty spirit as well as noble style. We should promptly criticize some passive tendencies in the social life and depend on the broad masses to oppose and resist them. We need to further increase the momentum of propagandizing to the outside world to attract foreign capital, technology, and qualified personnel, and make them understand the investment environment of Hebei. All this indicates that we can only strengthen, and by no means weaken, the propaganda and ideological work. At the time of the reform, opening up, and modernization drive, we should make great efforts in doing propaganda and ideological work instead of doing nothing, and make use of it instead of abandoning it.

At present, in the practical situation of reform, development, and stability, many new targets and new requirements are surfacing in the propaganda and ideological work. This requires the acceleration of the speed of propaganda and ideological work to suit the new situation; hard work to upgrade its level; more effective service to deepen the development of reform; smoothing out the construction process; and maintenance of social stability. However, our propaganda and ideological work appears to be weak and not well suited to the new situation. This is evident in three aspects: 1) Though we have insisted in recent years that positive materials should play a leading role in the propaganda and ideological field, more mediocre materials, rather than the really superior, moving, and mass-oriented ones, have surfaced, regardless of theoretical education, public opinion, propaganda, and literary and artistic creation. 2) While the ideological and moral education, whose keynote consisting of patriotism, collectivism, and socialism, have been strengthened continuously during these years, materialism, hedonism, and extreme egoism have grown among some people, and especially among youngsters, due to the negative influence of the market economy, as well as the corruptive thoughts and culture of the West. 3) We have attached importance to management of the cultural market and we have done a lot of work about it. However, with the development of the market economy, some people have been bent on solely

producing profits without giving any consideration to justice. As a result, some obscene, pornographic, coarse, and vulgar audio and video products as well as books and periodicals have yet to be eliminated. Despite the many bans, the pornographic services of some dancing halls, cafes, beauty salons, and restaurants, are not being stopped. The task of "clearing up pornography and striking blows to illegal publications" is still strenuous. Party committees at all levels and propaganda departments should strengthen the propaganda and ideological work in a down-to-earth manner with a high sense of mission, responsibility, and emergency; make the propaganda and ideological work suit the new situation; take more initiative to achieve success in tasks, and play a more important role in the construction of the two civilizations.

3. We should uphold the major principle of "one fundamental guideline and four major tasks" and adopt effective measures to achieve success in the implementation of all the tasks in this year's propaganda and ideological work.

In the propaganda and ideological work currently and henceforth, we should continue to implement one guideline (firmly grasping the theory of building socialism with Chinese characteristics) and four major tasks (arming the people with scientific theory, guiding the people with correct public opinions, molding the people with noble spirit, and encouraging the people with outstanding works), which were set forth by last year's national propaganda and ideological work meeting. This means that we should further strengthen the overall layout and strategic task of propaganda and ideological work during the process of building a socialist market economy system. Only when we conscientiously implement the fundamental guideline and the four major tasks with unremitting efforts can we achieve better results in the significant tasks born by the propaganda and ideological work department; can we vividly change the party's line, guideline, and policy into the great practice of the masses; and can we enhance reform, opening up, and economic construction as well as comprehensively upgrade social betterment.

There is a lot of work to do in upholding one guideline and implementing the four major tasks. In light of the spirit of the national conference of propaganda directors and taking into consideration the discussion at this meeting, I hope everyone will pay attention to the following four points:

First, it is imperative to strengthen study, and work hard to upgrade the theoretical and business quality of the propaganda and ideological work. To strengthen study is to conscientiously study Comrade Deng Xiaoping's theory. At the same time, we should make great efforts to studying the party's guideline and policy, the knowledge of the socialist market economy, the current scientific and cultural knowledge, and some knowledge on the aspects of news, literature, music, and fine arts. The

comrades who do the work of propaganda and ideological work should study more and achieve better results in study. To become competent leaders and workers for the propaganda and ideological work, we should train our party spirit, which is loyal to the undertaking of the proletarian revolution to be familiar with the Marxist theory; keep abreast of the party's line, guidelines, and policy; and attain knowledge of reform, opening up, and economic construction. We should possess not only higher political and business quality, but we should also possess a broad political vision, devotion without selfishness, a firm sense of social justice, and a style of maintaining close links with the masses. In order to meet these quality demands, we should work harder and attach more importance to study.

Second, we should actively create conditions, make great efforts to cultivate and train the "four groups" of outstanding qualified personnel. The key to accomplishing all the tasks of the propaganda and ideological work is to have a working contingent which is politically powerful, careful in doing business, and have a healthy style. Comrade Jiang Zemin placed ardent hopes on us in his speech: "We should work hard to cultivate a group of theorists who learn the theory of building socialism with Chinese characteristics in a comprehensive manner, master both Chinese and western learning, and keep reality in view; a group of famous reporters, editors, and hosts who uphold the correct direction, reflect on life in a profound manner, and are dearly loved by the masses; a group of publishers who are familiar with the guideline and policy, with strong social responsibility, and master the business knowledge; and a group of writers and artists who keep abreast of the pulse of the times, have deep love for the motherland and the people, and have consummate artistic skill." To pay great attention to this task, party committees at all levels and all departments should, in light of cultivating trans-century outstanding qualified personnel, organize a special body, conscientiously investigate and study, carefully work out a plan, stipulate feasible measures, and work hard to achieve real results in three to five years. In working out a plan, we should seek truth from facts, proceed from the reality of the locality, and combine long-term targets with short-term ones. It is imperative to make full use of every locality's own foundation, bring into full play every locality's own superiority, and pay attention to their own key points. The key of doing this is not to begrudge in input, strengthen construction, take reform and construction as measures, and create a good environment in which the qualified personnel can show themselves. We should also make stipulations for the encouraging and restricting mechanism so that qualified personnel are willing to stay at their posts and produce good results.

Third, we should make great efforts to advocate and encourage the workers on the propaganda and ideological work to go deeply down to life, reality, and the masses. To go deeply into life, reality, and the masses is the basic requirement of the dialectical materialist theory of knowledge; it is important for the party to

maintain close links with the people; it is the source of literary and artistic creation; and it is a basic measure of the propaganda and ideological work. In the new period, the objects, contents, means, and conditions of our investigation and study are changed. However, the position and function of the endeavors of going deeply down to life, reality, and the masses; of investigating and studying; and of experiencing lives have not changed, and, in fact, have become more important. If one does not study conscientiously, separates himself from reality as well as from the masses, is afraid of hardships, and does not use his brains, I think it is impossible for him to write a good book and to produce a good movie or program for television.

Fourth, we should clearly define the direction of work, and conscientiously achieve success in the "three services." Providing service to the people, to socialism, and to the general task of the whole party and state is not only a criterion to inspect the direction of the propaganda and cultural undertaking, but it is also a target for the propaganda and ideological work. Our party's aim is to serve the people wholeheartedly, and the party's propaganda and ideological work should persist in the practice of proceeding from the people's interests. We should provide the people with more exquisite literary and artistic creations. Newspapers, movies, television, and radios should focus more on people, and we should make the advanced figures emerging from the people, the lead of our propaganda. We should make great efforts to advocate and praise the thoughts and spirit that are advantageous to socialism, and we should clearly oppose and put a stop to those that are disadvantageous to socialism.

4. We should strengthen macroeconomic management over propaganda and cultural undertakings, and build a strict responsibility system.

It is impossible for the party committee to take care of everything when doing the work of propaganda. Instead, the party committee should devote major efforts to macroeconomic management, and achieve success in macroeconomic regulation and control. The development of the propaganda and ideological work will be healthy and efficient as long as the general orientation is correct and the macroeconomic regulation and control is effective. This is the experience gained from the propaganda and ideological works of recent years. As our country is big and is experiencing profound social changes, propaganda and ideological work has a wide range of sensitive things to deal with. It is impossible to make no mistakes in work. However, we should keep a tight control without making any mistakes in some major aspects which are of great importance to the overall situation. Party committees at all levels should have a strong awareness of making checks, and be clear-minded and firm in questions concerning the general task, political direction, and fundamental principles. To improve the party's macroeconomic management over the propaganda and ideological work, we should

construct a management system as well as an operation mechanism under which the party and the government jointly achieve success in managing the propaganda and cultural undertakings in the new situation, so we can really put into practice the party's leadership as well as the government's function. We should insist on "attaching equal importance to prosperity and management" and conscientiously guarantee the guidance of the media, the production of the intellectual products, regulation and control on the overall quantity and quality, the checks of imported intellectual products, and management over the issues of great importance.

To strengthen the macroeconomic control, we should build a strict responsibility system in an effort to ensure that all the tasks of the propaganda and ideological work are really put into practice. There are problems in management and in the endeavor of doing solid work in both material production and spiritual production. Economic work is a practical as well as tough matter. Our efforts will be in vain and inadequate if we do not pay attention to implementation. While propaganda work is an ideological matter, we should do substantial work in order to really put it into practice. Party committees at all levels and the entire propaganda and ideological front should build a management system for fulfilling tasks, a responsibility system, and an assessment system for propaganda and ideological work, and make them effective management activities which are supported by systems and operate in an orderly manner. Party committee and government should focus on the core of the party's general task as well as economic construction, combine the two civilization constructions, implement the party committee and government's "one post with twofold responsibility," do both the tasks, pay attention to both the targets, and achieve results in both of them at the same time, so that the two civilization constructions can develop with the same speed.

To carry out the spirit of the national conference of propaganda directors and to achieve success in this year's propaganda and ideological work, we should not merely talk about their spirit and requirements, and, instead, we should set a tough target in line with Hebei's reality. Works and intellectual products which have favorable conditions and which can be ranked among the best in the whole state after hard work, we should study how to support and assist them so that they achieve success. For works which fluctuate without achieving any results, play no important role in the whole state, and are mediocre, we should study the measures to rectify and upgrade them, clearly define their targets to improve, increase the dynamics to rectify, and set time limits for them to change their backward appearances. For those key parts, trades, and questions which are in danger and with ominous symptoms, we should study how to take measures to control, resist, and intercept the rise of problems. For some basic spiritual civilization projects which are set, we should achieve success in them within the time limit and according to the quality demanded. In this year, we should continue to build and

perfect the responsibility system for cadres' theoretical study, responsibility system for guiding the work of "striving to produce a good book, a good play, an outstanding TV drama, a good movie, and a convincing article with original ideas yearly", the responsibility system for managing the cultural market, the responsibility system for fulfilling the party and the government's task to guide the spiritual civilization construction, the responsibility system for fulfilling the task of managing the propaganda to the outside world, and the responsibility system for the input and output of the spiritual civilization construction. By doing this, we can initially form a macroeconomic management system for the propaganda and ideological work, and improve it as soon as possible.

Comrades, it is the wish of the provincial party committee that party committees at all levels and propaganda departments should make persistent efforts, take advantage of the situation to achieve more good results, unite to fight, know how to plan and do the substantial work, and promote Hebei's propaganda and ideological work to a new height.

Northeast Region

Tian Fengshan Elected New Heilongjiang Governor

OW2802151995 Beijing XINHUA in English 1446
GMT 28 Feb 95

[FBIS Transcribed Text] Harbin, February 28 (XINHUA)—Tian Fengshan was elected as Governor of northeastern China's Heilongjiang Province at the third session of the 8th Heilongjiang Provincial People's Congress here today.

Tian, born in October of 1940, served as acting governor of the province and deputy secretary of Heilongjiang Provincial Committee of the Communist Party of China (CPC) before the election. He is an alternate member of the 14th CPC Central Committee.

Heilongjiang Secretary on Investigation, Study

SK2802031895 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 27 Feb 95

[FBIS Translated Text] On the afternoon of 27 February, the provincial party committee held a coordination meeting to define its 1995 investigation and study tasks. Yue Qifeng, secretary of the provincial party committee, attended and addressed the meeting. Yue Qifeng said: Any work is inseparable from investigation and study. Our party has always stressed investigation and study since its founding. The success in the PRC's revolution, and in particular the smooth development of the revolution since the Seventh CPC Congress, is inseparable from investigation and study. Without conducting investigations and studies, it is difficult to make policy decisions in a democratic and scientific manner. By

conducting investigations and studies, we will not only further summarize our experience and lessons as well as enhance our sense of pride, but will also provide reliable data for the central authorities to make policies and decisions. Yue Qifeng expressed hope that all localities and departments will energetically encourage the practice of conducting investigations and studies, will mobilize the study forces of all fields to successfully conduct investigations and studies, and will master even more data to provide feasible plans for the party after making an analysis and a comparison.

At the meeting, Wang Jiangong, deputy secretary of the provincial party committee, urged party and government organizations at all levels in the province to persist in the ideological line of seeking truth from facts and concentrate superior forces on conducting systematic investigations and studies for major issues that have a bearing on the overall situation. During investigations and studies, leading cadres, theoretical workers, and practical workers should be organized together to conduct investigations and studies, with each complementing the other's advantages. Meanwhile, efforts should be made to summarize experiences and lessons in an objective manner, to discover typical cases, and to use these typical cases to guide the work.

Wang Xianmin, Standing Committee member and secretary general of the provincial party committee, made specific arrangements for the 10 major themes under investigation and study. Li Qinglin, Standing Committee member of the provincial party committee and secretary of the provincial Discipline Inspection Commission, also attended the meeting.

Wen Shizhen Elected Liaoning Governor

OW2602134395 Beijing XINHUA Domestic Service in
Chinese 1117 GMT 26 Feb 95

[By reporters Wei Yunheng (7614 6663 0077) and Fan Chunsheng (5400 2504 3932)]

[FBIS Translated Text] Shenyang, 26 Feb (XINHUA)—At the third session of the Eighth Liaoning Provincial People's Congress, which ended today, 55-year-old Wen Shizhen was elected the governor of Liaoning.

Wen Shizhen, who graduated from the Dalian Engineering Institute Mechanical Engineering Department in 1965, has held the posts of technician and director of the Dalian Oil Pump and Glib [oil pump input mouth] Plant, deputy director of the Dalian City Machine-Building Industry Bureau, deputy director of the Liaoning Machine-Building Industry Department, vice governor of Liaoning, deputy secretary of the Liaoning CPC Committee, and acting governor of Liaoning.

Northwest Region

Gansu Secretary Addresses Propaganda Meeting

HK0103103095 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 22 Feb 95

[FBIS Translated Text] In a speech delivered at the provincial meeting of propaganda department heads

held yesterday, provincial party Secretary Yan Haiwang emphatically pointed out: Propaganda and ideological work must center firmly on economic construction and conscientiously serve the overall situation of the work conducted by the entire party and the whole country. We must settle conflicts [words indistinct] and boost the confidence of cadres and the masses in reform through solid and fruitful propaganda and ideological work.

Yan Haiwang pointed out: As far as the propaganda and ideological work this year is concerned, priority should be given to theoretical study. In particular, leading cadres at and above the county level should study thoroughly the three volumes of the Selected Works of Deng Xiaoping and arm all party members, cadres, and the masses with Deng Xiaoping's theory of building socialism with Chinese characteristics.

Yan Haiwang said: The work foci of our province this year are to further strengthen the foundation role of agriculture; to raise grain output and peasant income; to give an impetus to the social security system and various coordinated reforms while deepening the key reform of state-owned enterprises; to strive to improve the operation of state-owned enterprises; to enhance and perfect macroeconomic regulation and control; to take comprehensive management measures to curb inflation; and to intensify structural transformation, have better management, and make technological progress so as to improve the overall economic quality and benefit. Moreover, we must fully strengthen the building of the party's ideology, organization, and style of work; do a good job in the building of democracy, of the legal system, and of spiritual civilization; and preserve political stability and make full progress in society.

Yan Haiwang stressed: To fulfill all these tasks, all fronts and leaders at all levels must be good at making great plans, paying attention to key points, doing practical things, and achieving substantial results. The mass media, including party newspapers and publications and radio and television networks, must bring their mainstream role into play in correctly guiding public opinion and, by adhering to the principle of focusing on political propaganda, create public opinion throughout the province which is favorable to further reform and opening up, to establishing a socialist market economy, to developing social productive forces, and to strengthening the building of spiritual civilization, of the party, of democracy, and of the legal system. [words indistinct]

In conclusion, Yan Haiwang specially stressed: The propaganda and ideological front should change its style of work, emphasize practical results, and fulfill every task. Party committees at all levels must strengthen their leadership over the propaganda and ideological work, pay attention to the building of the contingent, make more investment in it step by step, and create a favorable atmosphere for the work.

Deputy provincial party Secretary (Zhao Shuquan) presided over the meeting. Shi Zongyuan, member of the

provincial party committee standing committee and head of the propaganda department, relayed the guidelines laid down by the national meeting of propaganda department heads. Provincial leaders Yao Wencang, Chen Qiling, and Han Zhengqing attended the meeting.

Qinghai People's Congress Calls For Unity

HK2802060895 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 25 Feb 95

[FBIS Translated Excerpt] After successfully completing all the agenda, the Third Session of the Eighth Qinghai Provincial People's Congress concluded in Xining yesterday afternoon.

The meeting urged the people of all nationalities throughout the province to unite more closely with each other under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and of the basic party line as well as under the leadership of the provincial party committee; to constantly promote reform, opening up, and the socialist modernization drive; to be of one heart and one mind; to be more innovative and progressive; and to devote their energies to fulfilling our province's various tasks in 1995.

The closing meeting was presided over by Sun Zhaoran, executive chairman of the presidium. Executive chairmen seated in the front row of the rostrum were: Huanjue Cenam, Yang Maojia, Ma Wending, Gaisang Doji, Ma Shiqing, Gao Ni, Cai Dan, and Wang Enke. Leaders of the provincial party committee, the provincial government, the Chinese People's Political Consultative Conference provincial committee, the provincial military district, the provincial higher people's court, and the provincial people's procuratorate attended the closing meeting, including: [Secretary] Yin Kesheng, [Governor] Tian Chengping, Cai Zhulin, Yao Xiangcheng, Tang Zhengren, Doba, Li Mingjin, Feng Mingang, La Bingli, Bai Ma, Liu Guanghe, Zhao Leji, Han Yingxuan, Banma Danzeng, Yao Aiping, Zhaxi Anjia, Huang Buyun, Li Xihong, Ma Jinxiao, [Military District Political Commissar] Li Tianrong, Zhao Huimao, Ma Yougong, and Zhang Diming. Those also attending the meeting by invitation were Ma Wanwu, Song Ming, Jia Bolong, and Yang Wenxian.

The meeting first of all adopted the resolution by the Third Session of the Eighth Provincial People's Congress on the government work report.

As pointed out by the meeting, 1995 is the last year of the Eighth Five-Year Plan and the tasks for reform, development, and stability are very arduous. Working in a down-to-earth manner this year, completely fulfilling the Eighth Five-Year Plan, and making preparations for implementing the Ninth Five-Year Plan have a very important bearing on the realization of the second-step strategic objective of our province's socialist modernization drive. Governments at all levels should continue to fully bring into effect the guidelines laid down by the

14th Party Congress, by the Third and Fourth Plenary Meetings of the 14th Central Party Committee, and by the Third Plenary Session of the Eighth Provincial Party Committee; make further efforts to properly handle the relationship between reform, development, and stability; reach a common understanding; assume responsibility for the overall situation; have better coordination; work in a down-to-earth manner; and to unite and lead the people of various nationalities throughout the province in working hard and doing practical things, thus enabling our province's national economy to develop in a sustained, rapid, and healthy manner and make progress in all the social undertakings.

The meeting urged governments at all levels to insist on taking economic construction as the center, to strengthen macroeconomic regulation and control, and to accomplish various types of work to ensure the mutual advancement of reform, development, and stability. In the process of developing a socialist market economy, we must never overlook nor slacken our efforts in agriculture and the rural work. We must strengthen our leadership and painstakingly organize the state-owned enterprise reform well and heighten the vitality of enterprises. We must continue to implement complementary reforms in the social security system and in other aspects, expedite the exploitation of resources, open up more intensively to other parts of the country and to the outside world, further activate the circulation sphere to promote economic development, and pay attention to the shopping-basket project and the flour-bag project to constantly improve the people's living standards.

The meeting stressed that governments at all levels must adhere to the important guiding principle of doing two types of work simultaneously while attaching equal importance to both to promote the mutual progress and coordinated development of the building of the material and spiritual civilizations. Cadres at all levels should engage in theoretical study more intensively, have a stronger sense of the legal system, insist on enforcing policies according to law, attach importance to investigation and study, change their work style, conscientiously settle outstanding conflicts on the way ahead and hot issues about which the masses are concerned, and really bring into effect the party's policies and work plans. [passage omitted]

Qinghai Makes Achievements in Heavy Industry

HK2802125595 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 17 Feb 95

[FBIS Translated Excerpt] Heavy industrial departments throughout Qinghai have paid close attention to the implementation of all reform measures. In 1994, as a result of 80,000 staff members' and workers' hard work, these departments' gross industrial output value, production, income from sales of products, profit delivery, and tax payment reached a new height. The provincial

government praised them as outstanding units in fulfilling industrial production targets for 1994.

According to incomplete statistics, these heavy industrial departments fulfilled the tax payment target of 550 million yuan, up by 80.6 percent over the previous year. Their output of major products, foreign exchange income from exports, and income from sales increased by a wide margin over the previous year. [passage omitted]

On 16 February this year, the provincial heavy industrial department called a meeting to review and sum up its work in 1994 and to arrange this year's heavy industrial task. The meeting commended seven enterprises as advanced enterprises, and 100 comrades as advanced producers and workers. Secretary Yin Kesheng as well as Vice Governors Wang Hanmin and Zhao Leji attended the meeting.

In his speech at the meeting, Vice Governor Wang Hanmin pointed out that in the past year, 80,000 staff members and workers in heavy industrial departments and enterprises have worked hard and made prominent contributions to Qinghai's economic construction. He hoped the province's heavy industrial departments and enterprises will make further efforts, deepen reform, explore the international market, introduce a modern enterprise system in light of their specific conditions and foundations, form conglomerations, expand their scope, display their strong points of resources, boldly carry out technical transformation, and continue to play a positive role in stimulating Qinghai's economic construction.

Xinjiang Official Punished for Fire Tragedy

OW2402152595 Beijing XINHUA in English 1457 GMT 24 Feb 95

[FBIS Transcribed Text] Urumqi, February 24 (XINHUA)—A senior official in the Xinjiang Uygur Autonomous Region was removed from his post today by the Xinjiang Uygur Autonomous Regional People's Congress.

Xie Hong was held to have been responsible for a theater fire which killed 325 people, including 288 schoolchildren in the city of Karamay late last year.

Xie was removed from his post as vice-chairman of the Standing Committee of the Regional People's Congress, and earlier he was removed from his two other posts as director of the Xinjiang Petroleum Bureau and director of the Safety Commission of the bureau. The fire broke out on December 8 last year at the Friendship Theater where hundreds of students and teachers were watching a performance.

On December 15 last year 19 officials were either charged with criminal negligence, removed from their posts, dismissed from the Communist Party or held for questioning.

Media Cover Upcoming Taiwan-U.S. Trade Talks**Shows 'High Expectations'***OW0103015095 Taipei CNA in English 0108 GMT 1 Mar 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Feb. 28 (CNA)—Taiwan is pegging high expectations on the forthcoming trade and investment consultations with the United States, hoping that it can be removed from Washington's Special 301 "watch list," according to officials from the Board of Foreign Trade (BOFT).

Officials from the Ministries of Economic Affairs and Foreign Affairs, the Council of Agriculture, and other related agencies met again Tuesday [28 February] for another round of discussions on details of the eight issues that Taiwan will negotiate with the US Government in the first Taiwan-US meeting on the Trade and Investment Framework Agreement (TIFA), which is slated for March 6-7 in Washington, BOFT officials said.

Taiwan and the US signed the TIFA in September last year to promote trade and investment relations.

BOFT Director-General Lin Yi-fu will head the Taiwan delegation at the meeting, while the United States will be represented by Bob Cassidy, an assistant trade representative in charge of Southeast Asian affairs.

The eight issues to be included on the agenda of the TIFA meeting are intellectual property rights (IPR) protection, the signing of an ATA (Temporary Admission of Goods) agreement and customs affairs cooperation, environmental protection and trade, Taiwan's entry into international organizations, telecommunications, incentives for the manufacturing industry, the strengthening of trade and investment ties, as well as an investment guarantee agreement.

Of utmost concern to Taiwan are its removal from the US's special 301 "watch list," software exports, the ATA agreement, anti-dumping issues, the opening of Taiwan financial institutions in the US, and the revocation of sanctions on certain Taiwan wildlife products and specimens, the officials said.

Major topics the United States will broach include retroactive protection for IPRs, Taiwan's opening of its services market, an investment guarantee agreement, the "special 301" provision, joint responsibility involving engineering contracts in Taiwan, and Taiwan's various trade barriers, they added.

Seeks Removal From 'Watch List'*OW0103102195 Taipei CNA in English 0924 GMT 1 Mar 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 1 (CNA)—Removal from Washington's Special 301 "Watch List" will be Taiwan's top priority at forthcoming bilateral trade and investment consultations, the Board of Foreign Trade (BOFT) said Wednesday.

Other issues of utmost concern to Taiwan during the first Taiwan- U.S. meeting under the Trade and Investment Framework Agreement (TIFA) slated for March 6-7 in Washington will include a proposal pushing for a "sunset clause" to end Taiwan's computer software export inspection system and the revocation of sanctions on certain Taiwan wildlife products and specimens, BOFT Director-General Lin Yi-fu said.

Taiwan hopes to phase out the computer software export inspection system implemented in November 1992. The island established the system to prevent shipment of pirated computer software products to the United States, but as intellectual property rights protection has improved and little pirated software has been found, the system is no longer necessary, Lin explained.

Taiwan negotiators will try to push for a "sunset clause" for the system if they fail to convince U.S. officials that the system is no longer necessary, he added.

A heated debate is expected on retroactivity in copyright protection, Lin said, adding that Taiwan regulations stipulate that intellectual copyrights are effective for 30 years retroactively, while the U.S. officials are expected to demand 50 years.

Other topics on the agenda of the TIFA meeting are Taiwan's opening of its telecommunications market, liberalization of restrictions on foreign investment, regulations on purchases of health and medical equipment and supplies, labeling and packaging of foodstuffs, and inspection of diesel engines, Lin noted.

On the subject of foreign investment, Lin said, the U.S. negotiators will press for a higher percentage of foreign shares in Taiwan's thermal power plants. The Americans are also concerned about Taiwan's plans to open its insurance market, pharmaceutical industry, and cable television industry, he said.

Lin will lead a Taiwan delegation of 20 officials from 13 government agencies to the high-level consultations with the U.S. The U.S. side will be headed by Bob Cassidy, assistant trade representative in charge of Southeast Asian affairs.

CNA Covers Anniversary of '2-28 Incident'**President Apologizes***OW2802140695 Taipei CNA in English 0925 GMT 28 Feb 95*

[By Sofia Wu]

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[FBIS Transcribed Text] Taipei, Feb. 28 (CNA)—President Li Teng-hui Tuesday apologized to the families of the victims of the 2-28 incident, which took place on Feb. 28, 1947.

Speaking during a ceremony dedicating a monument to the incident, Li said he, as chief of state of the Republic of China [ROC], will shoulder the blame for the government's failure to prevent the tragic incident in which about 1,000 people were killed.

Noting that the monument underscores the government's determination to heal historic wounds, Li said the monument is also expected to usher in a new era in the country's development.

"From now on, the incident is no longer a distressing memory or a lingering shadow, but an inspiration for all people living on this land to work hand-in-hand to create a brighter future for the nation," Li stressed.

"I feel a sense of relief now that this long-standing rift is finally mended," Li said, adding the 2-28 Monument is a landmark symbolizing that Taiwan is a free, democratic and harmonious society.

Li said the tragic incident caused a great loss to the country because it led to the death of many of the intelligentsia, alienated the people from the government and even hindered social progress.

"The monument not only reflects a sense of social justice but also serves as an alarm to remind us of the importance of forgiveness and tolerance," Li said. "Let us throw off grievance and hatred, cultivate a sense of common destiny and work together to promote social harmony and national development."

In addition to the erection of the monument, Li said the government is determined to publicize related documents to help the public learn the truth about the incident, give due compensation to the families of the victims and adopt other necessary measures to heal the historical wounds.

Speaking at the same occasion, Dr. Lin Chung-i, whose father, then dean of the College of Literature of National Taiwan University, was shot without charge during the incident, said President Li's statement was a valuable gift for all the families of the victims.

"Li's speech has comforted the hearts of all the grieving families and returned dignity and historic status to the victims," Lin noted. "The ice in our hearts has melted."

He added that he hopes the souls of the victims can understand Li's sincerity and give all people here the wisdom and courage to face reality and resolve problems. "I also hope social justice and forgiveness will help avert provincialism or animosity among different ethnic groups," he added.

Amid solemn music, the historic monument was unveiled and dedicated jointly by Premier Lien Chan,

Legislative Yuan president Liu Sung-fan, presidential Secretary-General Wu Poh-hsiung, Taipei Mayor Chen Shui-bian and his predecessor Huang Ta-chou, Taipei City Council Speaker Chen Chien-chih and Chen Chung-kwang, convener of the 2-28 Monument Construction Committee.

Dr. Lin laid a wreath in front of the monument on behalf of the families of the victims. A peace bell on top of the monument was then rung for one minute in tribute to the victims.

The 2-28 incident was sparked by a police crackdown on the illegal sale of cigarettes, according to official government records.

An old woman was injured on Feb. 27, 1947 while struggling against the expropriation of untaxed cigarettes she was selling in Taipei. The public was angered when a passerby was shot in the commotion and the assailant was given shelter in a nearby police station. Early the next morning, the tobacco and wine monopoly bureau was besieged by thousands of people demanding punishment of the murderer, but no response came.

The crowd lost control and attacked the bureau. The rioting soon spread islandwide. Along with fighting between government troops and native Taiwanese, there were also minor clashes between Taiwan natives and those who moved to the island together with the government after the Japanese surrendered to the Republic of China government and returned Taiwan to China in 1945.

Mention of the tragedy was long taboo, and the government made no significant attempt to break the wall of silence until July 1, 1992, when it accepted registration by the families of those who were killed or imprisoned during the clashes.

The Executive Yuan has sent a draft bill to the Legislative Yuan on compensation for the families of the victims. The bill is expected to clear the legislature in the near future.

Lawmakers on Apology

OW0103023795 Taipei CNA in English 0139 GMT 1 Mar 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Feb. 28 (CNA)—Lawmakers from both the ruling and opposition parties on Tuesday [28 February] spoke highly of President Li Teng-hui's apology for the "2-28 incident" and violence that followed in its wake in 1947, leaving more than 1,000 victims dead.

At a ceremony dedicating a monument to the victims at the Taipei New Park, Li apologized to the families of the victims and said that as the chief of state of the Republic of China [ROC], he would shoulder the blame for the government's failure to prevent the tragedy.

Hung Tung-kui, a senior KMT legislator, said that Li's apology should help heal the wounds of the victims' families, and thus deserves the confirmation of the general populace.

Facing the future, Hung said that the nation should "walk bravely to get rid of the historic hatred."

The main opposition Democratic Progressive Party issued a statement later in the day expressing its acceptance and support of Li's move.

Yeh Chu-lan, the convenor of the DPP Legislative Yuan caucus, said that Li "has shown great sincerity," but added that the government should make known the truth of the incident and duly compensate the families of the victims.

Chinese New Party lawmaker Li Ching-hua said that now that the monument has been erected, the whole nation could throw off the shadow of the violence and March toward the future with greater respect for human lives and ethnic integration.

Y.T. Li, president of Academia Sinica, said that Li's move bears "historical significance."

Premier Lien Chan at a Legislative Yuan session in the morning also called on the general populace "to let the historic tragedy come to an end and let a new energy be ignited so as to close ranks and to join hands in fighting for the future."

Lien said the 2-28 monument symbolizes "memories, condolences, appeasement, harmony, justice, and brightness."

Meanwhile, Interior Minister Huang Kun-hui said at a legislative interpellation session that his ministry will seriously study whether to make Feb. 28 "the ethnic peace memorial holiday."

The legislature will soon deliberate a bill on the amount of compensation each of the victims' families should receive, with a preliminary figure set at NT [new Taiwan] \$6 million (US\$229,000).

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